



Sadhana Nitro Chem Limited
38th Annual Report 2010-11

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BOARD OF DIRECTORS

Shri Asit D. Javeri
Shri Arvind R. Doshi
Shri Arvind L. Apte
Shri Ramesh A. Shroff
Shri Priyam S. Jhaveri
Shri Dharendra M. Shah
Shri Abhishek A. Javeri
Shri Nitin R. Jani

Chairman & Managing Director
Director
Director
Director
Director
Director
Director
Director & Company Secretary

BANKERS

STATE BANK OF INDIA, Mumbai & Roha
AXIS BANK LTD., Mumbai
STATE BANK OF PATIALA, Mumbai

ADVOCATES & SOLICITORS

MULLA & MULLA CRAIGIE BLUNT & CAROE
Mulla House,
51, Mahatma Gandhi Road,
Mumbai - 400 023.

AUDITORS

V. SANKAR AIYAR & CO.
Chartered Accountants
2-C, Court Chambers, 35, New Marine Lines,
Mumbai - 400 020.

REGISTERED OFFICE

207, Kakad Chambers, 2nd Floor,
132, Dr. Annie Besant Road,
Worli, Mumbai - 400 018.
Phone : 6660 4881 - 5 (5 Lines) Fax : (91)22-6660 4147.
Email : sadhananitro@sncl.com Website : www.sncl.com

FACTORY

47, M.I.D.C. Industrial Area, Roha, Dist. Raigad,
Maharashtra - 402 116.

**REGISTRAR AND
TRANSFER AGENT (RTA)**

LINK INTIME INDIA PRIVATE LIMITED
{Formerly known as Intime Spectrum Registry Limited}
C-13 Pannalal Silk Mills Compound,
LBS Road, Bhandup (West), Mumbai - 400 078.
Phones : 022-25963838 Fax : 022-2594 6969.
Email : rnt.helpdesk@linkintime.co.in

NOTICE TO THE MEMBERS



NOTICE is hereby given that the **THIRTYEIGHTH ANNUAL GENERAL MEETING** of the Company will be held at, SASMIRA AUDITORIUM, The Synthetic & Art Silk Mills' Research Association, 3rd Floor, SASMIRA Marg, Worli, Mumbai - 400030 on Tuesday the 30th August, 2011 at 3.00 P.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss Account for the Financial Year ended 31st March, 2011 together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri A.L. Apte who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri P.S. Jhaveri who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **ORDINARY RESOLUTION** :

“**RESOLVED THAT** in suppression of the Resolution passed at the Annual General Meeting of the Company held on 11th September, 2003, the consent of the Company be and is hereby accorded pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company, to borrow from time to time any sum or sums of monies for the business of the Company, on such terms and conditions as the Board may deem fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves, that is to say, Reserves not set apart for any specific purpose, provided that the total amount up to which monies may be borrowed including the amounts already borrowed and outstanding on the date of this resolution shall not exceed ₹ 75 (Seventy Five) Crores, over and above the aggregate of the Paid-up Capital and Free Reserve of the Company.”

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **ORDINARY RESOLUTION** :

“**RESOLVED THAT** pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage, create security or otherwise dispose off the assets of the Company in such form and manner and with such ranking create security or otherwise dispose off the assets of the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, upon all or any of the present or future movable and/or immovable properties of the Company, including the whole or substantially the whole of the undertaking(s) of the Company, together with the power to take over the management and business and concern of the Company in certain events of default in favour of the Trustee / Trustees / Lenders for securing and security / securities / financial instrument(s) that may be issued by the Company not exceeding ₹ 75 (Seventy Five) Crores together with interest, premium, cost, charge, expenses and all other monies payable in connection therewith in terms of Trust deed / other documents to be finalised and executed between the Company and Trustee / Trustees / Lenders and containing such specific terms and conditions and covenants in respect of enforcement of security / securities / financial instruments as may be stipulated in that behalf and agreed to between the Board of Directors or committee thereof and the Trustee / Trustees / Lenders.”



“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board / Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable.”

Registered Office :

207 Kakad Chambers, 2nd Floor
132 Dr. Annie Besant Road
Worli, Mumbai 400 018

By Order of the Board

N.R. Jani
Director & Company Secretary

Date : 17th June, 2011

NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. The Company has appointed M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078 as Registrars and Share Transfer Agents for Physical Shares. The said (RTA) is also the Depository interface of the Company with both NSDL & CDSL. Their Telephone No. 022-25963838 E-mail address: mt.helpdesk@linkintime.co.in, Fax No. 022-25946969.

However, keeping in view the convenience of Shareholders, documents relating to shares will continue to be received by the Company at its Registered Office. Telephone No. 6660 4881-5, E-mail address: sadhananitra@sncl.com.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from Wednesday, the 24th August, 2011 to Tuesday, the 30th August, 2011 (both days inclusive) for the purpose of Annual General Meeting.
4. All documents referred to in the accompanying notice and the explanatory statements are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
5. Members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and Link Intime India Private Limited, or to the Company at its Registered Office in respect of their physical shares.
6. Entrance Pass and Proxy Form is annexed. Members are requested to affix their signature at the space provided in the entrance pass and hand over the same at the entrance to the place of meeting.
7. Members who hold shares in Dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
8. Members desiring any information are requested to write to the Company 10 days in advance.

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By Order of the Board

N.R. Jani
Director & Company Secretary

Date : 17th June, 2011

ANNEXURE TO THE NOTICE



Explanatory Statement Under Section 173 of the Companies Act, 1956.

1. Item No. 5

In terms of the provisions of Section 293(1)(d) of the Companies Act, 1956 the consent of the Shareholders is required for borrowing monies in excess of the Paid-up Capital and Free Reserves of the Company.

At the 30th Annual General Meeting of the company held on 11th September, 2003, the Members had pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 authorised Board of Directors of the Company to borrow from time to time a sum or sums of monies up to ₹ 50 Crores in excess of the Paid-up Capital and Free Reserves of the Company.

In view of the present and future requirement of additional funds to meet the capital expenditure and additional working capital requirements due to increased level of operation, it is expected that the limit of ₹ 50 Crores sanctioned by the Members is likely to exceed, it is therefore proposed to further increase the borrowing powers of the Board of Directors from present limit of ₹ 50 Crores to ₹ 75 Crores in excess of the aggregate of the Paid-up Capital and Free Reserves of the Company.

Your Directors commend this Resolution for your approval.

None of the Directors are concerned or interested in the Resolution.

2. Item No. 6

In view of the present and future requirement of the funds the Company may have to borrow monies from time to time from one or more bodies corporate or bankers or financial institutions or other by creation of mortgage, charges, or hypothecation on or of the assets of the Company or provide take over of the management of the Company in certain events.

Section 293(1)(a) of the Companies Act, 1956 provide that the Board of Directors of the Public Limited Company shall not without the consent of the Company in General Meeting sell, lease or otherwise dispose off whole or substantially whole of the undertaking of the Company.

Since mortgage and/or charging of immovable and movable properties as aforesaid may be regarded as disposal of the Company's properties, it is therefore necessary to pass the aforesaid Resolution.

Your Directors commend this Resolution for your approval.

None of the Directors are concerned or interested in the Resolution.

DIRECTOR'S INFORMATION PURSUENT TO CLAUSE 49 VI(A) OF THE LISTING AGREEMENT

Profile of Directors being re-appointed at the ensuing Annual General Meeting :

Name Age	Educational Qualification	Experience
Mr. A.L. Apte (76 Yrs)	Arts Graduate	He has an experience of Textile Industry and Sugar Industry over a period of 45 years. He joined the company as a Director from 7 th August, 1973.
Mr. P.S. Jhaveri (56 Yrs)	Commerce Graduate	He is a Commerce graduate and having experience in chemical industries of Nanavati Groups of companies. He joined the company as a Director from 11 th March, 1996.



Name of the Companies in which Directors to be re-appointed by Shareholders holds directorship and the membership of Committees of the board :

Name of the Director	Name of the Companies in which he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
Mr. A.L. Apte	1. Sadhana Nitro Chem Limited 2. Shanudeep Pvt. Ltd. 3. Dr. Writers Food Products Pvt. Ltd.	- - -
Mr. P.S. Jhaveri	1. Sadhana Nitro Chem Limited 2. Indian Extractions Limited 3. Excel Industries Limited 4. Phthalo Colours & Chemicals (I) Ltd. 5. Lifestyle Networks Limited 6. Sonera Investments Pvt. Ltd. 7. Sonega Trades & Investments Pvt. Ltd. 8. Nanavati Sons Private Limited 9. Nanavati Speciality Chemicals Pvt. Ltd. 10. Nanavati Electronics Private Limited 11. Nanavati Organics Private Ltd. 12. Nanavati Chemex Private Ltd. 13. R.L. Dalal & Co. Pvt. Ltd. 14. Medchem Technologies Pvt. Ltd.	Sadhana Nitro Chem Limited Remuneration Committee Audit Committee Shareholders' Grievance Committee Indian Extraction Limited Share Transfer Committee Excel Industries Limited Remuneration Committee Audit Committee Phthalo Colours & Chemicals (I) Limited Audit Committee

Your Directors recommend these Resolutions for your approval.

None of the Directors are concerned or interested in the Resolution.

Registered Office :

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Worli, Mumbai 400 018

By Order of the Board

N.R. Jani
Director & Company Secretary

Date : 17th June, 2011

DIRECTORS' REPORT



To the Members of SADHANA NITRO CHEM LIMITED

Your Directors have pleasure in presenting to you the 38th Annual Report together with Audited Accounts for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

	2010-11 ₹	2009-10 ₹
Sales & Other Income	<u>56,17,05,560</u>	<u>36,31,99,750</u>
Profit/(Loss)before Finance Cost	<u>3,81,99,026</u>	<u>(1,67,217)</u>
Finance Cost	(5,39,86,648)	(5,50,88,048)
Depreciation	(3,35,91,323)	(3,44,23,222)
Loss before Taxation	(4,93,78,945)	(8,96,78,487)
Deferred tax (Debit)/Credit	(8,78,361)	(20,15,772)
Loss after tax	(5,02,57,306)	(9,16,99,259)
Balance brought forward from previous year	(16,16,68,987)	(6,99,74,728)
Short provisions of tax for earlier year	(25,00,000)	-
Balance Transferred to Balance sheet	<u>(21,44,26,293)</u>	<u>(16,16,68,987)</u>

2. REVIEW OF OPERATIONS

The turnover of your company during the year under report registered a satisfactory growth of more than 54% over the previous year. Your company achieved the turnover of ₹ 5617 lacs (P.Y. ₹ 3632 lacs). Your company could overcome the negative fall out of the global slowdown.

Despite stiff price competition from China, the top line growth has been achieved due to focussed marketing efforts and qualitative edge of the company. The margin on the products continued to remain under pressure. The earning before finance cost for the year has been at ₹ 382 lacs (P.Y. Loss ₹ 1.67 lacs).

The earnest efforts in controlling cost and improving efficiency at all levels have borne fruit resulting in reduction in the loss after tax for the year to ₹ 527.57 lacs (P.Y. Loss ₹ 916.99 lacs). The cash loss also reduced to ₹ 166.66 lacs (P.Y. Loss ₹ 572.76 lacs). The reduction in the loss after tax and cash loss compared to last year has been more than 45% and 70% respectively.

The performance could have been better but for the impact of uncontrollable factors like span of erratic supply of important raw materials during the year, unfavourable change in certain input prices, appreciation of INR against USD and escalating fuel cost. Beside there has been escalating finance cost due to rising interest rates.

The costs continued to remain under stringent monitoring and control. The company's efforts are directed towards improving processes, productivity and other operational parameters. All efforts are being made to reduce and control the overheads. Finance cost continued to remain high in view of increasing interest rate and liquidity crunch.

3. DIVIDEND

Your Directors, considering above, do not recommend any dividend (P.Y. Nil) for the year 2010-11.

4. OUTLOOK

The company has been making several chemicals in different dedicated plants. Due to unhealthy price competition from China and the changing scenario in the world chemical market, the company is



evaluating to add new products for better utilisation of the idle capacity without entailing new CAPEX. This will improve the top line as well as it will contribute towards the improvement in the overall performance due to economies of scale.

The company has good orders on hand. As more than 80% of the revenue is from export, the performance of your company mainly follows the Global economy trend. Major economies which are now on recovery and revival mode are expected to stabilise in 2011-12. With the stabilization, the companies are now revising their inventory norms from bare minimum to optimum levels which should provide good growth opportunities. Indian market is growing. Your company will focus on increasing the local market share.

Your company, barring unforeseen circumstances, expects improvement in turnover. The company will continue to focus on cost control at every level to improve the operation efficiency which alongwith the increased operating level and upward revision of product prices is expected to improve the margin.

5. FINANCE

During the year company has repaid Term loan installments of ₹ 338 lacs to the banks. State Bank of Patiala has already converted partially its INR Term loan into FCTL in USD at the Libor related interest rate. During the year Axis Bank has converted its INR Term loan into FCTL in USD at the Libor related interest rate. The company has requested State Bank of India and State Bank of Patiala to convert its balance INR Term loan into FCTL in USD at the Libor related interest rate. This will reduce the interest burden and insulate partially against from rising Indian interest rate.

6. EXPORTS

Your Company is having status of a “STAR EXPORT HOUSE” granted by Ministry of Commerce, Government of India.

Despite recessionary trend and unfair severe price competition from China, the Exports of your company during the year rose to ₹ 4462 lacs compared to ₹ 2798 lacs in the previous year, registering a increase of more than 59%.

Exports constituted more than 80% of the overall sales (excluding other income). Company's Exports are well diversified in terms of product range as well as the Countries of Export.

7. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion and Analysis, the Corporate Governance Report, together with the Auditors Certificate on compliance with the conditions of Corporate Governance as laid down, form part of this Annual Report.

8. EXPORT ORIENTED UNIT (EOU)

Your company has one of its plants Registered as an EOU with the Development Commissioner, SEEPZ Special Economic Zone. The Registration of the unit which had expired has been renewed for further five years upto 09.03.2015 and further the company has also been issued Green Card valid upto 31.03.2015.

9. ISO CERTIFICATION

Your Company has certification as per ISO 9001:2000 granted by the certifying body Registro Italiano Navele India Private Limited (RINA) for the development and manufacture of Chemical Intermediates.

Your company has started the process to get itself accreditation for ISO 14000 & ISO 18000.

10. EFFLUENT TREATMENT

Your Company is conscious about its social responsibilities and is committed towards preservation and conservation of environment.



11. RESEARCH AND DEVELOPMENT

Your company has continuously attached high priority to the R & D Department which is engaged in developing new processes and further improving the existing processes as an on going activity to enable your company to keep pace with technological advancement and improve operating efficiency.

12. INSURANCE

The assets of your Company are adequately insured. Your Company has also taken out suitable cover for Public Liability.

13. FIXED DEPOSITS

The total Deposits accepted by your Company as on 31st March, 2011 is ₹ 598.31 Lacs. There is no Deposit or Interest on the same which has matured and remained unpaid.

14. DIRECTORS

Directors, Shri A.L. Apte and Shri Priyam S. Jhaveri, retire by rotation and being eligible offer themselves for reappointment.

15. COST AUDIT

As per the requirement of the Central Govt. and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of cost accounts relating to its product every year. Subject to the approval of Central Government, the Company has appointed M/s. P.D. Dani & Co, Cost Accountants, Mumbai, to audit the cost accounts relating to its products for the financial year 2011-12. The Cost Audit Report for the year ending 31st March, 2010 has been filed on 21.10.2010.

16. AUDITORS

Messrs V. Sankar Aiyar & Co. Chartered Accountants, Auditors of your Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

17. SUBSIDIARY

In case of one of the subsidiaries M/s. Lifestyle Networks Limited the accumulated loss has exceeded its paid up capital.

During the year M/s. Lifestyle Networks Limited has fully repaid alongwith interest to the company ₹ 2.26 Crores of loans advanced to it.

Pursuant to the provisions of Section 212 of the Companies Act 1956, the Annual Accounts of Anuchem B.V.B.A. (Belgium), Anuchem Pte. Ltd. (Singapore), wholly owned foreign subsidiaries and Lifestyle Networks Limited a partly owned Indian subsidiary of your company are attached.

In compliance with accounting standard AS-21, your company has attached the consolidated statement of account giving therein the consolidated financial statement relating to the company and its subsidiaries.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters are given in Annexure-I appended hereto and forms part of this Report.

19. EMPLOYEES

The industrial relations during the year were cordial.

There is no Employee drawing Remuneration in excess of the limits prescribed by the Companies (Particulars of Employees) Rules, 1975.



20. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, the Directors hereby confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis.

21. ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for the assistance and co-operation received from the Bankers State Bank of India, Mumbai and Roha, Axis Bank Limited and State Bank of Patiala. They also wish to place on record their appreciation for the co-operation and contribution of the staff and workmen in the achievements of your Company during the year under report. Last but not least the Directors place on record their gratitude to the Investors, Depositors, Clients and Shareholders of the Company for their support and trust reposed.

For and On Behalf of the Board of Directors

Place : Mumbai
Date : 17th June, 2011

Asit D. Javeri
Chairman & Managing Director



ANNEXURE - I

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

Several measures are undertaken to conserve and optimise the use of energy which will be continued.

FORM-A : FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

POWER, FUEL AND WATER CONSUMPTION

	<u>2010-11</u>	<u>2009-10</u>
1. Electricity		
a) Purchased Unit in kwh	42,04,903	27,37,025
Total amount (₹)	2,47,10,669	1,28,31,595
Rate/Unit (₹)	5.88	4.69
b) Own generation		
Through Diesel Generator Units in kwh	59,312	31024
Unit per liter of diesel oil (kwh)	2.91	2.50
Liter of Diesel	20,401	12498
Total amount (₹)	8,22,670	4,39,287
Cost/Units (₹)	13.87	14.16
2. Furnace Oil		
Quantity(KL)	1487	905
Total Amount (₹)	3,67,23,246	1,86,13,628
Average Rate (₹/KL.)	24,694	20,568
3. Briquettes		
Quantity(MT)	3565	1838
Total Cost (₹)	1,81,94,839	87,70,704
Average Rate (₹/MT)	5,104	4,772
4. Water		
Quantity(M3)	140470	95427
Total Cost (₹)	33,92,844	23,08,770
Average Rate (₹/M3)	24.15	24.19

B. TECHNOLOGY ABSORPTION

FORM-B : FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY.

RESEARCH AND DEVELOPMENT

- Specific areas in which R&D carried out by the Company. The R&D efforts of the Company are directed towards process development, energy conservation, Pollution control, efficiency improvement and quality upgradation.

- Benefits derived as a result of the above R&D.

R&D efforts have resulted in development of process for several chemical intermediates, the commercial production of which are commenced, besides improving quality and operating efficiency of existing products.



3. Future Plan of Action.

To continue R&D in the relevant areas to achieve its benefits.

	<u>2010-11</u> ₹	<u>2009-10</u> ₹
4. Expenditure on R&D		
(a) Capital	2,95,678	3,72,750
(b) Recurring	37,54,241	31,06,635
Total	<u>40,49,919</u>	<u>34,79,385</u>
(c) Total R&D expenditure as a % of total turnover	0.01%	0.01%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company has commenced production of some items of chemical intermediates, the process for which has been developed in R&D.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. There is improvement in quality and yield of the product and has widened product range for marketing.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). No imports of technology during last 5 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans.

The Company is exporting more than 80% of its chemical intermediate production. The total exports during the year were ₹ 4,462 Lacs (P. Y. ₹ 2,798 Lacs). The Company is putting all its efforts to tap new export markets and widen its clientele base.

b) Total Foreign Exchange used and earned. (in ₹)

	<u>2010-11</u> ₹	<u>2009-10</u> ₹
(i) Used :		
a) Imports (CIF)	6,30,42,417	5,46,51,641
b) Other expenditure	33,43,641	17,82,624
	<u>6,63,86,058</u>	<u>5,64,34,265</u>
(ii) Earned :		
Exports (F.O.B.)	43,27,97,134	27,42,53,187

For and On Behalf of the Board of Directors

Place : Mumbai
Date : 17th June, 2011

Asit D. Javeri
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE



1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

SADHANA NITRO CHEM LIMITED believes that transparent accounting policies, appropriate disclosures norms, best-in-class Board practices and consistently high standards of corporate conduct towards its stakeholders are essential for sustained corporate growth.

Corporate Governance is about commitment to values and ethical business conduct. The Report on the Corporate Governance is to fulfill this commitment. An Organization is able to attract investors, and enhance the trust and confidence of all stakeholders by following the best governance practices.

Our Governance philosophy is based on the following :-

- * Management is the trustee of the Shareholders capital and not the owner.
- * Provide an enabling environment to harmonize the goals of maximizing stakeholder value and maintaining a customer centric focus.
- * Have a simple and transparent corporate structure driven solely by business needs.
- * Communicate externally, in a truthful manner, about how the Company is running internally.
- * Make clear distinction between personal convenience and corporate resources.
- * Be transparent and maintain high degree of disclosure levels in all facets of its operations.
- * Satisfy the spirit of the law and not just the letter of the law.

The Company's philosophy on Corporate Governance is thus concerned with the ethics, values and morals of the Company and its directors, who are expected to act in the best interests of the Company and remain accountable to shareholders and other beneficiaries for their action.

Your Board of Directors presents the Corporate Governance Report for the year 2010-11.

2. BOARD OF DIRECTORS :

Composition of the Board and Directorship held in other Companies as on 31st March, 2011.

Sr. No.	Name of the Director(s)	Promoter/ Independent Executive / Non-Executive	No. of outside Directorship	No. of other outside Committee positions held (*)	
				Chairman	Member
1.	Mr. Asit D. Javeri	Promoter -Executive Chairman & Managing Director	8	3	6
2.	Mr. Arvind R. Doshi	Independent -Non-Executive	3	-	1
3.	Mr. Arvind L. Apte	Independent -Non-Executive	2	-	-
4.	Mr. R. A. Shroff	Independent -Non-Executive	1	-	1
5.	Mr. P. S. Jhaveri	Independent -Non-Executive	13	1	3
6.	Mr. D.M. Shah	Independent -Non-Executive	2	-	-
7.	Mr. A. A. Javeri	Related to Shri A.D. Javeri - Non-Executive	2	-	-
8.	Mr. Nitin R. Jani	Executive	4	-	-

(*)In other Limited Companies (including Private Limited Companies)/Foreign companies. Only membership of audit committee and shareholders/Investors Grievance Committee are considered.

3. DIRECTORS' PROFILE :

Profile of Non-Executive Directors being re-appointed at the ensuing Annual General Meeting is given in the Notice convening the Annual General Meeting.



4. ATTENDANCE RECORD OF THE DIRECTORS :

During the Financial year 2010-11, Five Meetings of Board of Directors were held on the following days :- 29th April, 2010, 29th July, 2010, 20th September, 2010, 18th October, 2010, and 27th January, 2011.

Annual General Meeting was held on 20th September, 2010.

The Attendance of Directors at the Board Meetings and Annual General Meeting were as under :-

Directors	Number of Meetings		Attendance at the last Annual General Meeting
	Held	Attended	
Mr. Asit D. Javeri	5	5	Yes
Mr. Arvind R. Doshi	5	4	Yes
Mr. Arvind L. Apte	5	1	No
Mr. Ramesh A. Shroff	5	5	Yes
Mr. Priyam S. Jhaveri	5	5	Yes
Mr. D.M. Shah	5	5	Yes
Mr. Abhishek A. Javeri	5	5	Yes
Mr. Nitin R. Jani	5	5	Yes

5. BOARD PROCEDURE :

Board meets once in quarter where in review quarterly performance and financial results. The Board meetings are generally scheduled well in advance and the notice of each meeting is given in writing to each Director. All the items on the agenda are accompanied by note giving comprehensive information on the related subject. The agenda and relevant notes are sent in advance separately to each of directors and only in exceptional cases the same is tabled at the meeting. The Board is also free to recommend the inclusion of any method for discussion in consultation with the Chairman. The information as specified in Annexure IA to the Clause 49 of the Listing Agreement is regularly made available to the Board. The minutes of the Board meeting is circulated in advance to all directors and confirmed at subsequent meeting. The minutes of audit committee and other committees of the board are circulated in advance to all directors and regularly placed before the board.

6. AUDIT COMMITTEE :

As required U/s 292A of the Companies Act, 1956 read with provisions of Clause 49 of the Listing Agreement with the Stock Exchange, the Board has constituted Audit Committee which consists of the following Directors.

Mr. D.M. Shah	Chairman	Non-Executive, Independent
Mr. Arvind R. Doshi	Member	Non-Executive, Independent
Mr. Priyam S. Jhaveri	Member	Non-Executive, Independent

The Audit Committee shall have the authority to investigate into any matter that may be prescribed under Company Law for the time being in force and shall also comply with the terms of reference as specified herein as under :-

The role of the Audit Committee shall be as under :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.



-
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 4. Reviewing with management the annual financial statements before submission to the Board, for approval with particular reference to:
 - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with Listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in draft audit report.
 5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Discussions with internal auditors any significant findings and follow up thereon.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 10. Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 12. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information.

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weakness; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Mr. V. Mohan and Mr. Arvind Mohan, Partner of the firm of Statutory Auditor and Mr. Nikhil Vadia, Proprietor of firm of Internal Auditor, have been permanent invitees to the Audit Committee Meeting, besides Mr. Asit D. Javeri, Chairman & Managing Director and Mr. Nitin R. Jani, Director & Company Secretary and have attended most of the meeting of the Audit Committee as invitees.



During the year, the Audit Committee, in its meetings, discussed among other things, the following :

- * Reviewed with management, quarterly, half yearly and annual financial statements before submission to the Board.
- * Discussed with the management and the internal and statutory auditors findings in the internal audit reports.
- * Deliberated on the applicability, compliance and impact of various Accounting Standards and guidelines issued by the Institute of Chartered Accountants of India from time to time.
- * Reviewed the Company's Financial and Risk Management Policies and Audit Reports covering operational, financial and other business risk areas.

The Chairman of the Audit Committee has briefed the Board of Directors, about the Audit Committees observations on various issues discussed at its meetings. Minutes of the Audit Committee Meetings are also circulated to all the Board Members along with agenda of the subsequent meeting.

All the suggestions / recommendations of the Audit Committee during the financial year 2010-11, have been accepted by the Board of Directors.

The Financial decisions of the Company are taken by the Chairman and Managing Director, Mr. A.D. Javeri at the Board of Directors Meeting.

The attendance record of each member of the Audit Committee at the Meeting held on 29th April 2010, 29th July 2010, 18th October 2010 and 27th January 2011 are as follows:

Name	Date of Appointment	Non-Executive / Independent	Numbers of Meetings	
			Held	Attended
Mr. D.M. Shah	29 th April 2008	Non-Executive - Independent	4	4
Mr. Arvind R. Doshi	29 th April 2008	Non-Executive - Independent	4	3
Mr. Priyam S. Jhaveri	29 th April 2008	Non-Executive - Independent	4	4

The previous Annual General Meeting was held on 20th September, 2010 and it was attended by Mr. D.M. Shah, Chairman of the Audit Committee.

7. RISK MANAGEMENT :

The Board takes responsibility for the total process of risk management in the organisation. Results of the risk assessments and residual risks are presented to the Senior Management and the Audit Committee members. The Management is accountable for the integration of risk management practices into the day to day activities. The scope of the Audit Committee includes review of the Company's financial and risk management policies. The Audit Committee reviews the Audit Reports covering operational, financial and other business risk areas.

8. SHAREHOLDERS/INVESTORS GRIEVANCES:

The Shareholders / Investors Grievance Committee consists the following Directors :

Mr. Ramesh A. Shroff Chairman
Mr. Arvind R. Doshi Member
Mr. Priyam S. Jhaveri Member

Terms of Reference

- * Review the existing investors Redressal System and suggest measures for improvement.
- * Review the report of Registrars and Share Transfer Agents about investor's grievances and follow up for the necessary action taken for redressal thereof.
- * Suggest improvement in investor's relations.



- * Consider and take on record the Certificate from Practicing Company Secretary certifying that the aggregate number of equity shares held in depositories and in physical form tally with the total number of shares issued, listed and admitted share capital.

The attendance record of each member of the Investors Grievance Committee at the Meeting held on 29th July, 2010 is as follows :

Name	Date of Appointment	Non-Executive / Independent	Numbers of Meetings	
			Held	Attended
Mr. Ramesh A. Shroff	29 th April 2008	Non-Executive - Independent	1	1
Mr. Arvind R. Doshi	29 th April 2008	Non-Executive - Independent	1	1
Mr. Priyam S. Jhaveri	29 th April 2008	Non-Executive - Independent	1	1

Statement of the various complaints received and cleared by the Company during the year ended on 31st March, 2011 :

Sr. No.	Subject	Received (Nos.)	Cleared (Nos.)	Pending *
1.	Registration of Bank Details	1	1	-
2.	Stop Transter/Procedure for Duplicate Certificate	8	8	-
3.	Correction of Name/Address	1	1	-
4.	Endorsement of Share Certificate	2	2	-
5.	Revalidation/Replacement of Warrant	2	2	-
6.	Procedure for Transmission/Deletion/Transposition	11	11	-
7.	Exchange of Share Certificates	1	1	-
	Total	26	26	-

There are two pending legal matters, in which the Company has been made a party, before any other Court(s) / Consumer Forum(s) etc., on Investors grievances.

All share transfer and correspondence thereon are handled by the Company's Registrars and Share Transfer Agents viz. Link Intime Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai - 400 078.

Mr. Nitin R. Jani, Director & Company Secretary, has been appointed as the Compliance Officer, as required by the Listing Agreement entered into by the Company with Bombay Stock Exchange. He has been entrusted the task of overseeing the Share Transfer work done by the Registrars and Share Transfer Agents and attending to grievances of the Shareholders and Investors intimated to the Company directly or through SEBI and Stock Exchanges. All complaints / grievances intimated during the year have been resolved.

9. REMUNERATION COMMITTEE :

The Remuneration Committee shall have the authority to Investigate into any matter that may be prescribed under Company Law for the time being in force and shall also comply with the terms of reference as specified herein as under :-

1. The Remuneration Committee shall have meetings periodically as it may deem fit.
2. The Remuneration Committee shall invite such of the executives to be present at the meetings of the Committee required by it.
3. The Remuneration Committee shall have the following powers and functions:-
 - a. To recommend to the Board, the terms and conditions of appointment of key Management personnel.
 - b. To seek information from any employee.
 - c. To obtain outside legal or other professional advice.



10. REMUNERATION POLICY:

The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis and is in consonance with the existing industry practice.

The Remuneration Committee consists of the following Directors.

Mr. Arvind R. Doshi Chairman Non-Executive - Independent

Mr. Priyam S. Jhaveri Member Non-Executive - Independent

Mr. D.M. Shah Member Non-Executive - Independent

Attendance record of the Members

The attendance record of each member of the Remuneration Committee at the Meeting held on 29th April, 2010 and 29th July, 2010 is as follows :

Name	Date of Appointment	Non-Executive / Independent	Numbers of Meetings	
			Held	Attended
Mr. Arvind R. Doshi	29 th April 2008	Non-Executive - Independent	2	2
Mr. Priyam S. Jhaveri	29 th April 2008	Non-Executive - Independent	2	2
Mr. D.M. Shah	29 th April 2008	Non-Executive - Independent	2	2

The Company pays remuneration by way of salary, allowances and perquisites, performance allowance etc., to the Chairman & Managing Director and Director & Company Secretary on recommendation of the Remuneration Committee and as approved by the Board of Directors and Shareholders of the Company subject to approval of the Central Government. Each Non-Executive Director is paid per meeting attended a sitting fee of ₹ 5,000/- for Board Meeting and ₹ 3,000/- for Committee Meeting.

Details of remuneration of the Directors during the period 1st April, 2010 to 31st March, 2011, are as under :

Name of the Director	Salaries, Allowances, Perquisites, Performance allowance, contribution to P.F etc. ₹	Sitting fees ₹	Total ₹	No. of shares held
Mr. Asit D. Javeri *	37,82,480	-	37,82,480	N.A.
Mr. Arvind R. Doshi	-	38,000	38,000	12,498
Mr. Arvind L. Apte	-	5,000	5,000	1,444
Mr. Ramesh A. Shroff	-	28,000	28,000	259
Mr. Priyam S. Jhaveri	-	46,000	46,000	100
Mr. D.M. Shah	-	43,000	43,000	5,000
Mr. Abishek A. Javeri	-	25,000	25,000	37,100
Mr. Nitin R. Jani *	17,10,610	-	17,10,610	N.A.
Total	54,93,090	1,85,000	56,78,090	-

* Whole time directors are not eligible for sitting fees. (N. A. - Not applicable)

Presently the company does not have a scheme of grant of Stock option. The Company has not advanced any loans to any of the Directors.

Please refer Note 18 of Schedule J "Notes of Accounts" annexed to the Financial Statements of the year.

11. GENERAL BODY MEETING :

(A) Details of location and time of holding of last three AGMs

AGM for the financial year ended	Venue	Date	Time	No. of Special Resolutions passed
2007-08	SASMIRAAUDITORIUM, The Synthetic & Art Silk Mills' Research Association, 3 rd Floor, SASMIRA Marg, Worli, Mumbai - 400030.	25.09.2008	3.00 p.m.	Nil
2008-09	"PRINCE HALL" The National Sports Club Of India, Lala Lajpatrai Marg, Worli, Mumbai - 400018.	09.09.2009	4.00 p.m.	2
2009-10	SASMIRAAUDITORIUM, The Synthetic & Art Silk Mills' Research Association, 3 rd Floor, SASMIRA Marg, Worli, Mumbai - 400030.	20.09.2010	3.00 p.m.	Nil

(B) Special resolutions passed at the last three annual general meetings :

The Special Resolution for (1) Re-appointment of Shri A.D. Javeri, Chairman & Managing Director and (2) Re-appointment of Shri N.R. Jani, Director & Company Secretary, were passed in the Annual General Meeting held on 9th September, 2009.

(C) Extra Ordinary General Meeting.

During the last three years One Extra Ordinary General Meeting was held by the company on 22nd January, 2008 for the purpose of passing Special resolution for its Right issue.

(D) No resolution was passed by Postal Ballot during the year.

12. SUBSIDIARIES :

The Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

13. DISCLOSURES :

(a) Materially Significant related party transactions : The particulars of transactions between the Company and its related parties as per the Accounting Standard-18 are set out at Note 7 in Notes to Accounts in the Annual Report. These transactions are not likely to have any conflict with Company's interest.

(b) Management Disclosures : The Senior Management Personnel have been making disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large. Based on the disclosures received, none of the Senior Management Personnel have entered into any such transactions during the year.

(c) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years : The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges as well regulations and guidelines prescribed by SEBI.



There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter relating to the capital markets during the last three years.

(d) Risk Management Framework : The Board of Directors has adopted the Risk Assessment Procedure. The procedure provides an approach by the top Management to identify potential events that may affect the Company, to manage the risk within its risk appetite and to provide reasonable assurance regarding the achievement of objectives of the Company. The Senior Management prioritise the risk and finalise the action plan for mitigation of the key risks.

(e) Proceeds from public issues, rights issues, preferential issues :

The proceeds of right issue have been utilised for issue expenses and for working capital as under :
(₹ in lakhs)

SOURCES	Proposed	Actual
Right Issue (in F.Y. 2008-09)	<u>715.90</u>	<u>715.90</u>
UTILISATION		
Long Term Working Capital	686.00	683.46
Issue Expense	<u>29.90</u>	<u>32.44</u>
Total	<u><u>715.90</u></u>	<u><u>715.90</u></u>

(f) Whistle Blower Policy :

Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

14. MEANS OF COMMUNICATION :

The quarterly, half yearly and annual results are published in English in "Freepress Journal" and in Marathi in "Navshakti" and will be uploaded on the SEBI website under Electronic Data Information Filing and Retrieval (EDIFAR).

Management discussion and analysis form part of the Annual Report and appears as Annexure to the Directors' Report.

15. GENERAL SHAREHOLDER INFORMATION :

The financial year of the Company is for a period of 12 months from 1st April to 31st March every year.

AGM : Date, time and venue	38 th Annual General Meeting on Tuesday, the 30 th August, 2011 at 3.00 P.M. at SASMIRA AUDITORIUM, THE SYNTHETIC & ART SILK MILLS' RESEARCH ASSOCIATION, 3 RD FLOOR, SASMIRA MARG, WORLI, MUMBAI - 400030.
Date of Book Closure	24.08.2011 to 30.08.2011 (both days inclusive) in connection with Annual General Meeting.
Dividend payment date	NIL for 2010 -11.
Financial Calendar (Tentative)	
Results for quarter ending June 30, 2011	Last week of July, 2011
Results for quarter ending September 30, 2011	Last week of October, 2011
Results for quarter ending December 31, 2011	Last week of January, 2012
Results for quarter ending March 31, 2012	Last week of April, 2012
Listing of Company's shares	The Company's shares are listed on Bombay Stock Exchange Ltd. (BSE)
Scrip Code	506642
ISIN Number	INE888C01016
The company has paid upto date listing fees to Bombay Stock Exchange Ltd.	



16. HIGH/LOW OF MARKET PRICE OF THE COMPANY'S SHARES TRADED ON THE STOCK EXCHANGE UPTO 31ST MARCH, 2011 :

Period	SNCL's Share Price (₹)		BSE SENSEX	
	High	Low	High	Low
April 2010	23.85	15.00	18047.86	17276.80
May	19.00	17.00	17536.86	15960.15
June	21.00	17.75	17919.62	16318.39
July	22.80	18.10	18237.56	17395.58
August	27.65	18.40	18475.27	17819.99
September	35.65	23.50	20267.98	18027.12
October	38.65	30.35	20854.55	19768.96
November	40.05	27.85	21108.64	18954.82
December	32.90	25.35	20552.03	19074.57
January 2011	30.00	23.00	20664.80	18038.48
February	24.25	18.00	18690.97	17295.62
March	20.75	19.50	19575.16	17792.17

17. INVESTOR SERVICES :

The Company has appointed M/s. Link Intime India Pvt. Ltd. (LIPL) (Formerly known as M/s. Intime Spectrum Registry Limited (ISRL), whose address is given below, as its Registrar and Transfer Agents. The Registrar handles all matters relating to the shares of the Company including transfer, transmission of shares, Dematerialisation of share certificates, subdivision/consolidation of share certificates and investor grievances.

Link Intime India Pvt. Ltd. having registered office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai - 400 078 are Registrars and Share Transfer Agents for Physical Shares. LIPL is also the Depository interface of the Company with both NSDL & CDSL. Their Telephone No. 2596 3838 E-mail address : rnt.helpdesk@linkintime.co.in, Fax No. 25946969.

18. SHARE TRANSFER SYSTEM :

All the transfers received are processed by Registrar and Transfer Agents. Share transfers are registered and returned within maximum of 30 days from the date of lodgment if documents are complete in all respects. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.

19. DEMATERIALISATION OF SHARES :

The Company's shares are tradable compulsorily in electronic form. The Company has established through its Registrar and Share Transfer Agents, connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on 31st March, 2011, 26.23% of the equity shares have been dematerialised.

20. SHARE HOLDING PATTERN AS ON 31ST MARCH, 2011 :

Category	No. of shares	Percentage
Promoters	6634315	72.10
Mutual Funds and UTI	560	0.01
Banks, Financial Institutions & Insurance Companies	621	0.01
Bodies Corporate	209710	2.28
Indian Public	2307135	25.07
NRIs/Foreign Nationals	48489	0.53
Total	9200830	100.00



Pursuant to Regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto, Promoter Group and Persons acting in concert consists of Manekchand Panachand Trading Investment Co. Private Limited and Mr. Asit D. Javeri & his family.

21. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2011 :

No. of shares	Folio		Amounts	
	Number	% to total	₹	% to total
1 - 5000	4099	83.4997	5337490	5.8011
5001 - 10000	407	8.2909	3071930	3.3388
10001 - 20000	186	3.7890	2640900	2.8703
20001 - 30000	77	1.5685	1964450	2.1351
30001 - 40000	30	0.6111	1061930	1.1542
40001 - 50000	29	0.5908	1357650	1.4756
50001 - 100000	36	0.7333	2693100	2.9270
100001 and above	45	0.9167	73880850	80.2979
Total	4909	100.0000	92008300	100.0000

22. UNCLAIMED DIVIDEND :

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Members are advised that once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof. The Company has already transferred the unclaimed dividend for the year ended 31st March, 2003 to the IEPF.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below :-

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.2004	15.09.2004	14.09.2011	13.10.2011
31.03.2005	15.09.2005	14.09.2012	13.10.2012
31.03.2006	26.09.2006	14.09.2013	13.10.2013
31.03.2007	27.09.2007	15.09.2014	14.10.2014
31.03.2008	25.09.2008	13.09.2015	12.10.2015

Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 2004, or any subsequent financial year(s), are requested to lodge their claims with the Company.

23. CODE OF CONDUCT :

As required by Clause 49 I (D) of the Listing Agreement, the Company has formulated a Code of Conduct for all Directors and Senior Management of the Company and the same has been adopted by the Board. All the Directors and Senior Management Personnel have affirmed compliance with the said Code of Conduct.

24. CEO/CFO CERTIFICATION

The Company is duly placing a certificate to the Board from the Chairman & Managing Director and Director & Company Secretary in accordance with the provisions of Clause 49 (V) of the Listing Agreement. The aforesaid certificate duly signed by the Chairman & Managing Director and the Director & Company Secretary in respect of the financial year ended 31st March, 2011 has been placed before the Board in the meeting held on 17th June, 2011.



Plant Location

Sadhana Nitro Chem Limited
47, MIDC Industrial Area
Roha, Dist. Raigad
Maharashtra - 402 116.
Tel : DhataV - 02194-263801-2-3
Fax : (91)02194-263522

Address for correspondence

Sadhana Nitro Chem Limited
Registered Office :
207 Kakad Chambers, 2nd Floor
132 Dr. Annie Besant Road
Worli, Mumbai - 400 018.
Tel : 022-66604881-5 (5 Lines)
Fax : (91)22-66604147
E-mail : sadhananitro@sncl.com
Website : www.sncl.com

Link Intime India Pvt. Ltd
(Formerly known as
Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup,
Mumbai - 400 078.
Telephone No. 022-2596 3838
Fax No. 022-25946969.
E-mail : mt.helpdesk@linkintime.co.in

25. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL :

As stipulated by SEBI a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out periodically and thereon is submitted to the Listed Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

26. DECLARATION :

The Board of Directors of the Company has adopted the Code of Conduct for Directors and Senior Management of the Company.

All the Board Members and the Senior Management Personnel have affirmed their Compliance with the respective Codes.

A. D. Javeri
Chairman & Managing Director

Place: Mumbai
Date : 17th June, 2011

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE



We have examined the compliance of conditions of Corporate Governance by Sadhana Nitro Chem Limited (the Company) for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the above mentioned Listing Agreement .

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor's / Shareholders Grievance & Share Transfer Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V. Sankar Aiyar & Co.**

Chartered Accountants

Firm Regn. No. 109208W

Arvind Mohan

Partner

Membership No. 124082

Place : Mumbai

Dated : 17th June, 2011



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY :

Your company engaged in manufacture of chemical intermediates, heavy organic chemicals and performance chemicals. Unhealthy competition from China and Indian unorganized sector continues to prevail in the industry. India emerged as one of the major source for chemical intermediates. The industry witnessed high degree of uncertainty and slows down following global economy pattern. The industry is dependent on the basic petro-chemicals, prices of which were highly volatile during the year.

OPPORTUNITIES AND THREATS :

Your company is in the industry since last 37 years. It has a very high degree of operating synergy, economies of scale and high quality standards. The products of your company have diverse uses and applications in several industries ranging from paper, pharmaceutical, agro chemicals, thermal dyes, light stabilizer, aerospace dyes and dye intermediates etc. Besides, your company have loyal cliental base, which is well diversified over the World.

The major threat faced by the company are escalating raw material prices, crude oil prices, increasing interest rate and volatile foreign exchange market.

MARKET AND OUTLOOK :

Your company's major market like Europe, Japan and USA are coming out of recession. Market conditions are improving with the revival of economies. The market remained highly price competitive. The costs were under stringent monitoring and control. The company has taken several initiatives like process improvement, lower consumption norms, use of cheaper alternate raw material and fuel. All efforts were made to reduce and control the overheads. Finance cost continued to remain high due to liquidity crunch consequent to repayment of term loan installments and operational performance. Gradual product price increase, improved operating efficiency and stringent control of overheads are expected to improve the overall performance.

Exports constitute more than 80% of the turn-over. Performance of your company hence mainly follows the Global economy trend. There is healthy order book position. Due to interruption in the smooth availability of raw material consequence to the liquidity crunch hampered continues production resulting in escalated production cost.

The rate of flow of orders is encouraging. Production facilities are realigned to meet the demand. Your company barring unforeseen circumstances expects to further improve the turn-over and performance. The company continued to focus on cost control at every level to improve the operation efficiency which alongwith the increased operating level and upward revision of product prices is expected to improve the margin.

INTERNAL CONTROL SYSTEMS AND ADEQUACY :

The Company has set up internal control procedures commensurate with its size and nature of the business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well-defined policies, guidelines, authorizations and approval procedures. The prime objective of such audit is to lest the adequacy and effectiveness of the internal control lay down by management and to suggest improvements.

RISKS AND CONCERNS :

Macro-economic factors like the slow down, sluggish demand conditions, monetary policy & fiscal policy, unforeseen political and social upheavals, natural calamities may affect the business of your Company as also the industry at large.

With competition intensifying in all segments of the industry, increasing the market shares and the consumer base is a continuing challenge.

Since raw materials form an important component of your company's value chain, cost and availability of some of the key raw materials like benzene, nitric acid, caustic potash, sulphur based chemicals, iron powder are an area of concern.



Your Company has however improved processes for better consumption norms, substituting cheaper raw materials, converting one of the boilers from furnace oil base to Bagasse base. Your company has technological superiority and strong distribution network.

HUMAN RESOURCE/INDUSTRIAL RELATIONS :

Human Resource programs and initiatives in SNCL are aligned to meet the business needs. Your company believes in investing in people to develop and expand their capability. The Company has been able to create a favourable work environment that motivates performance, customer focus and innovation SNCL's strategies are based, inter alia, on processes of continuous learning and improvement.

ENVIRONMENT AND SAFETY :

The Company is conscious of the importance of environmentally clean and safe operations. The company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environmental protection and conservation of natural resources to the extend possible.

FINANCE :

Majority of INR term loans have been converted into USD FC loans at LIBOR related interest rates. Besides majority of working capital facility is availed in the form of PCFC which carries LIBOR related interest. This has substantially reduced the interest burden. The money advanced to subsidiary has also been recovered which has assisted the company in its effort to tide over liquidity crunch. Your company has despite difficulties met its all obligations towards term loan repayments.

Your company has repaid during the year term loan installments of ₹ 338 Lacs to the Banks.

FOREIGN EXCHANGE AND RISK MANAGEMENT :

Your company's revenue stream largely denominated in USD, and this exposes company's profit and loss account to currency fluctuation. The currency exposure is managed by simple hedge product foreign exchange forward contract with maximum tenure up to one year. Your company has advisory support from a professional consultant.

PERFORMANCE :

Your company's major markets like Europe, Japan and USA. These economies are reviving with improvement in market condition. Unhealthy price competition of certain countries continued to affect the market conditions. Turnover of your company for the year rose to ₹ 56.17 Crores as against ₹ 36.32 Crores in the P.Y. registering increase of 54%.

Several initiatives and steps to increase the operating efficiencies, substitution of cheaper raw materials, control on the costs, alternative sourcing of the raw materials etc. are expected to contribute in improving the performance of your company in the current year.

CAUTIONARY STATEMENT :

The Management Discussion and Analysis report contain forward looking statements describing the Company's projections and estimates. These are based on certain assumptions and expectations of future events. The Company cannot guarantee the realisation of projections as the actual results may differ due to factors like prices of raw materials, demand-supply conditions, changes in government regulations, tax structures, etc., which are beyond the control of the management. The Company assumes no responsibility in respect of forward looking statements which may undergo change on the basis of any subsequent developments, information or events.

Place : Mumbai
Date : 17th June, 2011

For and On Behalf of the Board of Directors
Asit D. Javeri
Chairman & Managing Director

AUDITOR'S REPORT



TO THE MEMBERS OF SADHANA NITRO CHEM LIMITED

1. We have audited the attached Balance Sheet of Sadhana Nitro Chem Limited as at 31st March, 2011 and also the annexed Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above.
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper Books of Account as required by Law have been kept by the Company so far as it appears from our examination of such books.
 - c. The Balance Sheet, Profit & Loss Account and cash flows statement referred to in this report are in agreement with the Books of Account.
 - d. In our opinion Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to sub-sections 3(C) of Section 211 of the Companies Act, 1956.
 - e. Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2011, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. Without qualifying attention is invited to note B-(3) of Schedule J regarding non provision in respect of guarantees and diminution in value of investment provided to one of its subsidiaries.
 - g. Without qualifying attention is invited to note B-(2) of schedule (J) regarding accumulated losses and consequential effect on going concern.
 - h. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with notes on Accounts and the Accounting Policies give the information required by the Companies Act, 1956, in the manner so required and read in conjunction with all other notes thereon give a true and fair view.
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) in the case of the Profit & Loss Account, of the loss for the year ended on that date.
and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **V. Sankar Aiyar & Co.**
Chartered Accountants
Firm Regn. No. 109208W
Arvind Mohan
Partner
Membership No. 124082

Place : Mumbai
Dated : 17th June, 2011



ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 3 of our report of even date.

1. In respect of its fixed assets:
 - a. The company has maintained records showing particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its inventories :
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to/ from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956, we report that:-
 - a. The company has not granted any loans, secured or unsecured during the year.
 - b. During the year company had taken interest free loan from two parties amounting to ₹ 32,00,000/- and interest free and interest bearing loan from one company amounting to ₹ 4,14,60,000/- and ₹ 30,00,000/- respectively. This along with other loans covered in register maintained under section 301 have an outstanding year end balance of ₹ 2,58,07,638/- and maximum balance during the year was ₹ 6,93,37,393/-.
 - c. In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - d. The company is regular in repaying principal and interest as stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the company act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the companies act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the companies act, 1956 exceeding value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A of the companies act and the rules framed thereunder, and also the directives of Reserve Bank of India with regard to acceptance of deposits. The company has not accepted any deposits from small depositors as defined under section 58AA of the companies act. Since the company has not defaulted in repayments of deposits, obtaining any order from the national company law tribunal does not arise.
7. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the internal audit functions carried out by a firm of chartered accountants appointed by the management is commensurate with the size of the company and the nature of its business.
8. The Central Government has prescribed maintenance of cost records under section 209(1) (d) of the Companies act, 1956 in respect of one of the products, manufactured by the company. We have broadly reviewed the accounts and records of the company and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. In respect of statutory dues:
- a. There has generally been delays by the company in depositing undisputed statutory dues including provident fund, employees' state insurance income-tax, Sales Tax, Wealth tax, Customs duty, Excise duty, cess, Service tax and other statutory dues with the appropriate authorities. However except as reported below there are no other undisputed amounts payable in respect of the aforesaid dues as at 31st March, 2011 for a period of more than six months from the date of becoming payable;

Nature of statutory	Nature of Dues	Total	Period it relates to	Due date	Date of payment
Income Tax Act 1961	Tax Deducted at source	2,36,163	July & August 2010	7 th August and 7 th September respectively	June 14, 2011.

- b. According to the records of the company, there are no disputed statutory dues on account of Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and cess remaining unpaid as on 31st March 2011. In case of disputed dues of Income tax, details are as under;

Name of statute	Nature of dues	Amount (₹)	Period to which related to	Forum where it dispute is pending
Income tax Act, 1961	Income tax	46,81,787	Assessment year 1998-99	Hon'ble High Court of Bombay
Income tax Act, 1961	Income tax	44,83,294	Assessment year 1999-2000	Hon'ble High Court of Bombay
Income tax Act, 1961	Income tax	36,00,028	Assessment year 2001-02	Hon'ble Supreme Court of India / CIT (A)
Income tax Act, 1961	Income tax	10,58,012	Assessment year 2003-04	Hon'ble Supreme Court of India
Income tax Act, 1961	Income tax	27,80,897	Assessment year 2004-05	Hon'ble Supreme Court of India
Income tax Act, 1961	Income tax	14,44,494	Assessment year 2007- 08	Commissioner Of Income Tax (Appeals)
		1,80,48,512		

Attention is also drawn to note B(5) in Schedule J.



10. The company has accumulated losses of ₹ 21,44,26,293/- at the end of the financial year, which is more than fifty percent of its net worth. The company has incurred cash loss ₹ 1,57,87,622/- for the financial year and ₹ 5,52,55,265/- during the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, the company has defaulted in repayment of dues to financial institutions and banks during the year as under. During the year banks have rescheduled its loan to the company in the form of deferring its installments.

Name of Bank & Facility	Amount due	Due date	Date of payment
State Bank of Patiala	₹ 1000015(USD 22090)	30 th Sept. 2010	24 th Dec.2010
State Bank of Patiala	₹ 4166675(USD 92490)	31 st Mar. 2011	12 th May 2011

12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. The company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the company in its own name.
15. The company has given corporate guarantee against borrowings of one of its subsidiaries. According to information explanations given to us, and the representations made by the management, the terms and conditions of guarantee are not prejudicial to the interest of the company.
16. In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company as on March 31, 2011, in our opinion, there are no funds raised on a short term basis which have been used for long term investment
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanation given to us, the company has not issued any secured debentures during the period covered by our report.
20. The Company has not raised any money by public issue during the year. Accordingly clause 4(xx) of Companies (Auditor's Report) Order 2003 is not applicable to the company.
21. In our opinion and according to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

For **V. Sankar Aiyar & Co.**
Chartered Accountants
Firm Regn No. 109208W
Arvind Mohan
Partner
Membership No. 124082

Place : Mumbai
Dated : 17th June, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011



	Schedule	31.03.2011		31.03.2010	
		₹	₹	₹	₹
SOURCES OF FUNDS :					
Shareholders' Funds :					
Capital	A		9,20,08,300		9,20,08,300
Reserve & Surplus	B		60,90,421		60,90,421
Loan Funds :					
Secured Loans	C		38,58,66,956		41,04,76,657
Unsecured Loans	D		13,54,93,226		7,26,70,376
TOTAL			<u>61,94,58,903</u>		<u>58,12,45,754</u>
APPLICATION OF FUNDS :					
Fixed Assets :					
Gross Block	E		92,87,50,615		92,08,88,747
Less: Depreciation			59,73,72,106		56,43,96,214
Net Block			33,13,78,509		35,64,92,533
Capital work-in-progress			7,58,43,326		5,44,93,765
Investments :	F		41,22,219		61,22,219
Deffered Tax Asset			2,85,69,267		2,94,47,628
Current Assets, Loans and Advances :					
Inventories	G		11,12,42,525		10,58,40,489
Sundry Debtors			10,55,56,914		5,98,18,400
Cash and Bank Balances			33,92,594		36,41,304
Loans and Advances			5,35,04,650		6,64,62,224
			<u>27,36,96,683</u>		<u>23,57,62,417</u>
Less:					
Current Liabilities and Provision					
Liabilities	H		15,93,40,212		11,94,81,366
Provisions			1,59,07,276		99,30,523
			<u>17,52,47,488</u>		<u>12,94,11,889</u>
Net Current Assets			9,84,49,195		10,63,50,528
Profit & Loss Account (Note 1 Schedule B)	I		8,10,96,387		2,83,39,081
Significant Accounting Policies & Notes to Accounts	J				
TOTAL			<u>61,94,58,903</u>		<u>58,12,45,754</u>

As per our Report of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 17th June, 2011

For and on Behalf of the Board of Directors

A. D. JAVERI
Chairman &
Managing Director
N. R. JANI
Director &
Company Secretary

ARVIND R. DOSHI Director
R. A. SHROFF Director
P. S. JHAVERI Director
D. M. SHAH Director
A. A. JAVERI Director

Place : Mumbai
Dated : 17th June, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011



	Schedule	31.03.2011	31.03.2010
		₹	₹
INCOME :			
Sales	1	55,33,62,836	35,50,80,089
Less : Excise Duty		82,60,291	52,86,819
Sales (Net)		54,51,02,545	34,97,93,270
Other Income	2	1,66,03,015	1,34,06,480
Increase/(Decrease) in Stock	3	1,34,04,909	(3,28,67,336)
		57,51,10,469	33,03,32,414
EXPENDITURE :			
Raw Material consumption		34,02,82,756	20,03,61,208
Power and Fuel	4	8,38,44,268	4,29,63,984
Operation and Maintenance	5	2,07,73,032	1,59,24,456
Salaries, Wages and Benefits to Employees	6	4,57,16,619	3,39,44,713
Administrative Expenses	7	2,02,56,105	1,94,55,307
Selling and Distribution	8	2,01,58,073	1,33,74,244
Finance Cost	9	5,39,86,648	5,50,88,048
Payment to Auditors		3,87,500	3,40,000
Managerial Remuneration		54,93,090	41,35,719
		59,08,98,091	38,55,87,679
Profit/(Loss) Before Depreciation & Taxation		(1,57,87,622)	(5,52,55,265)
Depreciation		3,35,91,323	3,44,23,222
PROFIT/(LOSS) BEFORE TAXATION		(4,93,78,945)	(8,96,78,487)
Add : Deferred Tax		8,78,361	20,15,772
PROFIT / (LOSS) AFTER TAXATION		(5,02,57,306)	(9,16,94,259)
Balance as per last Balance Sheet		(16,16,68,987)	(6,99,74,728)
Add : Short Provision of tax for earlier year		25,00,000	-
TOTAL		(21,44,26,293)	(16,16,68,987)
Basic & Diluted Earning Per Share of Face Value of ₹10/- each (Fully Paid up)		(5.46)	(9.75)

Significant Accounting Policies & Notes to Accounts : J

As per our Report of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 17th June, 2011

For and on Behalf of the Board of Directors
A. D. JAVERI Chairman & Managing Director
N. R. JANI Director & Company Secretary
ARVIND R. DOSHI Director
R. A. SHROFF Director
P. S. JHAVERI Director
D. M. SHAH Director
A. A. JAVERI Director

Place : Mumbai
Dated : 17th June, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011



	31.03.2011	31.03.2010
	₹	₹
A) CASH FLOW ARISING FROM OPERATING ACTIVITIES :-		
NET PROFIT/LOSS (-) BEFORE TAX	(4,93,78,944)	(8,96,78,487)
Add : a. Depreciation	3,35,91,323	3,44,23,222
b. Interest	5,39,86,648	5,50,88,048
Less : a. Profit on Sale of Fixed Assets	3,264	-
b. Dividend Received	1,12,162	200
CASH OPERATING PROFIT BEFORE	3,80,83,601	(1,67,417)
ADJUSTMENTS FOR CHANGE IN WORKING CAPITAL		
a. Trade & other Receivables	(4,57,38,515)	4,17,44,015
b. Inventories	(54,02,036)	4,35,53,670
c. Loans & Advances	1,29,57,572	(28,55,846)
d. Trade Payables	4,50,99,158	(1,23,72,442)
	69,16,179	7,00,69,397
CASH FLOW BEFORE FOLLOWING ADJUSTMENTS	4,49,99,780	6,99,01,980
a. Direct Taxes (Paid)	(14,00,449)	(8,60,450)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	4,35,99,331	6,90,41,530
B) CASH FLOW ARISING FROM INVESTING ACTIVITIES :-		
a. Purchase of Fixed Assets	(2,92,11,430)	(2,14,11,663)
(Net of Adjustment for Capital work-in-progress)		
b. Acquisition / Sale of Investments (Net)	20,00,000	-
c. Sale of Fixed Assets	1,04,000	-
d. Dividend Received	83,399	200
CASH FLOW FROM INVESTING ACTIVITIES (B)	2,70,24,031	(2,14,11,463)
C) CASH FLOW ARISING FROM FINANCING ACTIVITIES :-		
a. Secured Borrowings - Net of Repayment	(2,46,09,701)	(3,82,10,573)
b. Unsecured Borrowings - Net of Repayment	6,28,22,850	5,15,95,893
c. Interest Paid	(5,50,37,160)	(6,37,31,970)
CASH FLOW FROM FINANCING ACTIVITIES (C)	(1,68,24,011)	(5,03,46,650)
NET CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)	(2,48,711)	(27,16,583)
ADD : OPENING BALANCE	36,41,304	63,57,887
CASH/CASH EQUIVALENTS AT THE END OF THE YEAR	33,92,593	36,41,304

Notes :

1. The cash flow statement has been prepared under the "Indirect method" as set out in the Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
2. Previous year's figures have been regrouped and re-arranged wherever necessary.

As per our Report of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 17th June, 2011

For and On Behalf of the Board of Directors
A. D. JAVERI Chairman & Managing Director
N. R. JANI Director & Company Secretary
ARVIND R. DOSHI Director
R. A. SHROFF Director
P. S. JHAVERI Director
D. M. SHAH Director
A. A. JAVERI Director

Place : Mumbai
Dated : 17th June, 2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET



SCHEDULE 'A'		31.03.2011	31.03.2010
		₹	₹
SHARE CAPITAL			
Authorised Capital :			
10000000	Equity Shares of ₹ 10/- each (P.Y. 10000000 Equity Shares)	10,00,00,000	10,00,00,000
1000000	Unclassified Shares of ₹ 10/- each (P.Y. 1000000 Unclassified Shares)	1,00,00,000	1,00,00,000
TOTAL		<u>11,00,00,000</u>	<u>11,00,00,000</u>
Issued, Subscribed and Paid-up Capital :			
9200830	Equity Shares of ₹ 10/- each fully paid. (P.Y. 9200830 Equity Shares)	9,20,08,300	9,20,08,300
TOTAL		<u>9,20,08,300</u>	<u>9,20,08,300</u>

1. * Includes capitalisation by issue of fully paid Bonus Shares of ₹ 10/- each.

	<u>No. of Shares</u>	<u>face value</u>	<u>Capitalised from</u>	<u>year</u>	<u>Ratio</u>
a]	162500	₹ 16,25,000	General Reserve	1987-88	2 : 5
b]	487012	₹ 48,70,120	Share Premium	1995-96	1 : 2
c]	584414	₹ 58,44,140	Share Premium	2002-03	2 : 5

2. 7155379 Equity Shares of ₹ 10/- each issued on 24.10.2008

3. 5960611 Shares (P.Y. 5960611) Held by Holding Company.

SCHEDULE 'B'		31.03.2011	31.03.2010
		₹	₹
RESERVE AND SURPLUS			
1)	Capital Reserve	93,681	93,681
2)	Preference Shares Redemption Reserve	5,00,000	5,00,000
3)	Share Premium	54,96,740	54,96,740
4)	General Reserve	13,33,29,906	13,33,29,906
Less : Set of against Debit Balance in P & L Account (See Contra Schedule 'I')		<u>13,33,29,906</u>	<u>13,33,29,906</u>
TOTAL		<u>60,90,421</u>	<u>60,90,421</u>

Note 1 : As per requirement of Schedule VI of the Companies Act 1956, out of the debit balance of ₹ 21,44,26,293/- (P.Y. ₹ 16,16,68,986/-) in profit & loss account ₹13,33,29,906/- (P.Y. ₹ 13,33,29,906/-) has been shown as a deduction from uncommitted General reserve.



SCHEDULE 'C'	31.03.2011	31.03.2010
	₹	₹
SECURED LOANS :		
A) From Banks :		
(I) WORKING CAPITAL :		
including Foreign currency amount US\$ 2.543 Millions P.Y. (Nil)	18,65,36,752	17,36,35,295
[The facilities are secured by way of first pari passu charge on Current Assets, second pari passu charge on Company's entire fixed assets and further secured by personal guarantee of Chairman & Managing Director.]		
Sub - Total - (I)	<u>18,65,36,752</u>	<u>17,36,35,295</u>
(II) TERM LOANS :		
including Foreign Currency Amount		
US\$ 3.0940 Millions (P.Y. US\$ 1.098 Millions)	19,93,30,204	23,68,41,362
[The facilities are secured by way of first pari passu charge on immovable and movable fixed assets (both present & future), second pari passu charge on Current Assets and further secured by personal guarantee of Chairman & Managing Director.]		
Sub - Total - (II)	<u>19,93,30,204</u>	<u>23,68,41,362</u>
TOTAL	<u>38,58,66,956</u>	<u>41,04,76,657</u>

SCHEDULE 'D'

UNSECURED LOANS :

A. Fixed Deposits :

1. From Directors	1,37,00,000	1,12,00,000
2. From Others	4,61,31,000	1,75,49,000

B. Other Loans

1. Under Sales Tax Deferral Scheme - 2001	20,90,321	20,90,321
2. Inter Corporate Deposits	7,23,58,812	4,10,67,962
3. From Directors	12,13,093	7,63,093

TOTAL	<u>13,54,93,226</u>	<u>7,26,70,376</u>
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SCHEDULE 'E'

FIXED ASSETS

Particulars of Assets	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
	As on 01/04/2010	Additions	Deletions	Total as at 31/03/2011	As on 01/04/2010	Written off during the year	Total upto 31/03/2011	As on 31/03/2011	As on 31/03/2010	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	
Leasehold Land	76,400	-	-	76,400	29,353	804	-	30,157	46,243	47,047
Freehold Land	26,06,318	-	-	26,06,318	-	-	-	-	26,06,318	26,06,318
Plant & Machinery (Includes Computers, Office Eqpts.)	75,27,08,337	83,52,149	-	76,10,60,486	45,76,17,228	2,72,85,043	-	48,49,02,271	27,61,58,215	29,50,91,109
Buildings	12,18,10,941	1,86,000	-	12,19,96,941	7,01,62,295	50,06,417	-	7,51,68,712	4,68,28,229	5,16,48,647
Furnitures & Fixtures	69,18,510	-	-	69,18,510	59,47,467	1,74,253	-	61,21,720	7,96,790	9,71,044
Laboratory Equipments	80,99,601	-	-	80,99,601	53,44,069	4,22,506	-	57,66,575	23,33,026	27,55,532
Research & Development Equipment	1,35,29,041	39,889	-	1,35,68,930	1,16,71,250	2,87,794	-	1,19,59,044	16,09,886	18,57,791
Vehicles	1,51,39,599	-	7,16,170	1,44,23,429	1,36,24,554	4,14,506	6,15,433	1,34,23,626	9,99,802	15,15,045
GRAND TOTAL	92,08,88,747	85,78,038	7,16,170	92,87,50,615	56,43,96,216	3,35,91,323	6,15,433	59,73,72,106	33,13,78,509	35,64,92,533
PREVIOUS YEAR TOTALS	84,65,44,084	7,43,44,663	-	92,08,88,747	52,99,72,993	3,44,23,222	-	56,43,96,216	35,64,92,533	31,65,71,091



SCHEDULE 'F'		31.03.2011	31.03.2010	
		₹	₹	
INVESTMENTS (NON TRADE) (AT COST) :				
A. Unquoted				
I) In Subsidiaries	750 (P.Y. 750)	Shares of Anuchem B.V.B.A. - Belgium of 25 Euro each	7,71,549	7,71,549
	25000 (P.Y. 25000)	Shares of Anuchem Pte. Ltd.-Singapore of 1 Singapore Dollar Each	6,92,250	6,92,250
	255000 (P.Y. 255000)	Life Style Networks .Ltd. of ₹10/-each	25,50,000	25,50,000
II) In Others	- (P.Y. 200000)	11.50 %Preference shares of Phthalo Colours & Chemicals Ltd. of ₹ 10/- each	-	20,00,000
TOTAL (A)			40,13,799	60,13,799
B. Quoted				
Equity Shares of ₹ 10/- each fully paid up unless specified				
No. of Shares		Name of the Company		
500 (P.Y.500)		Anco Communications Ltd.	71,788	71,788
3900 (P.Y.3900)		Enarai Finance Ltd.	78,000	78,000
18000 (P.Y.18000)		Indian Extractions Ltd.	5,08,194	5,08,194
5000 (P.Y.5000)		Indo-Biotech Ltd.	1,91,250	1,91,250
2000 (P.Y.2000)		First Object Technologies Ltd.	81,400	81,400
1300 (P.Y.1300)		Mexworth Orchards Ltd.	13,000	13,000
5000 (P.Y.5000)		Ojas Technochem Products Ltd.	1,31,495	1,31,495
			10,75,127	10,75,127
Less: Provision for Diminution on Investment Value			9,66,707	9,66,707
TOTAL (B)			1,08,420	1,08,420
TOTAL (A + B)			41,22,219	61,22,219

[Aggregate market value of quoted investment as on 31st March, 2011 ₹ 1,17,980/- (P.Y.₹ 6,51,820/-)]

SCHEDULE 'G'			
CURRENT ASSETS, LOANS AND ADVANCES :			
A. Inventories :			
1.	Stores and spares parts	3,11,71,365	2,97,65,856
2.	Scrapped Stock	95,350	60,000
3.	Raw Materials	2,72,38,120	3,40,66,647
4.	Stock in transit	65,77,378	1,04,73,681
5.	Packing Materials-Drums/Bags	18,57,275	13,50,178
6.	Fuel, briquettes.	49,27,623	12,35,411
7.	Finished Goods	3,61,12,981	2,02,41,287
8.	Goods-in-Process	32,52,168	86,42,104
9.	Others	10,265	5,325
TOTAL		11,12,42,525	10,58,40,489
B. Sundry Debtors : (Unsecured considered good)			
1.	Outstanding for more than six months	33,98,609	32,99,245
2.	Other Debts	10,21,58,305	5,65,19,155
TOTAL		10,55,56,914	5,98,18,400



SCHEDULE 'G' Cont.	31.03.2011	31.03.2010
	₹	₹
C. Cash and Bank Balances :		
1. Cash on Hand	2,61,694	3,82,407
2. Bank Balances (Schedule Bank)		
i) In Current Account	9,06,227	20,88,594
* ii) In Fixed Deposit	4,00,000	4,03,637
iii) In EEFC Account in Foreign Currency	21,748	25,941
iv) In Margin Money	18,02,925	7,40,725
TOTAL	<u>33,92,594</u>	<u>36,41,304</u>
D. Loans and Advances :		
(Unsecured considered good)		
(a) Loan to Staff	8,36,154	10,20,189
(b) Loan to Subsidiary	-	1,11,23,649
(c) Advance to suppliers	27,85,887	24,57,757
(d) Advances recoverable in cash or kind or for value to be received		
i. Due from customs, excise and sales tax	1,96,90,470	1,66,84,306
ii. Deposits -		
a. Central Excise	83,12,806	1,21,62,900
b. Public Bodies	41,76,696	40,36,943
c. Private Bodies	26,37,794	26,37,794
iii. Other Receivables	1,50,64,843	1,63,38,686
TOTAL	<u>5,35,04,650</u>	<u>6,64,62,224</u>

* Deposit required to be kept under Rule 3 of Sec. 58A of Companies Act, 1956.

SCHEDULE 'H'		
CURRENT LIABILITIES AND PROVISIONS :		
A. Current Liabilities :		
1) Sundry Creditors		
a) Due to Micro small and Medium Enterprises	15,80,276	5,16,773
b) Creditor's for Capital Goods	2,79,59,871	2,44,83,940
c) Creditors for Raw Material	9,66,02,696	6,63,68,283
d) Creditors for Expenses	2,63,70,957	2,23,47,092
2) Unclaimed Dividends	5,70,123	6,83,125
3) Interest accrued but not due	2,73,100	3,26,864
4) Redeemed Preference Share & excess right shares (Unclaimed)	21,000	21,000
5) Other Liabilities	59,62,189	47,34,289
TOTAL	<u>15,93,40,212</u>	<u>11,94,81,366</u>
B. Provisions :		
1) Provision for taxation (Net of Tax payments)	38,38,909	27,39,358
2) Defined Employee Benefit Obligations	1,17,30,072	69,50,665
3) Other Staff Benefit Scheme	3,38,295	2,40,500
TOTAL	<u>1,59,07,276</u>	<u>99,30,523</u>

SCHEDULE 'I'		
PROFIT & LOSS ACCOUNT :		
Debit Balance in Profit & Loss Account	21,44,26,293	16,16,68,986
Less : Set Off against Amount of General Reserve	13,33,29,906	13,33,29,906
TOTAL	<u>8,10,96,387</u>	<u>2,83,39,080</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT



SCHEDULE '1'		31.03.2011	31.03.2010
		₹	₹
SALES :			
Organic Intermediate Sales		54,42,734	1,47,31,359
Chemical Intermediate & Other Sales		<u>54,79,20,102</u>	<u>34,03,48,730</u>
		55,33,62,836	35,50,80,089
Less-Excise Duty on Sales		<u>82,60,291</u>	<u>52,86,819</u>
Sales Net of Excise Duty	TOTAL	<u><u>54,51,02,545</u></u>	<u><u>34,97,93,270</u></u>

SCHEDULE '2'			
OTHER INCOME :			
Export Incentives		49,63,822	16,08,438
Dividend		1,12,162	200
Profit on Sale of Investments/Assets		3,264	-
Miscellaneous Income		52,86,248	22,20,844
Interest Received [TDS ₹ 1,74,999/- (P. Y. ₹ 8,327/-)]		18,31,774	57,93,726
Foreign Exchange Fluctuation		44,05,746	37,83,272
	TOTAL	<u><u>1,66,03,016</u></u>	<u><u>1,34,06,480</u></u>

SCHEDULE '3'			
INCREASE/(DECREASE) IN STOCK :			
Finished Goods		1,58,71,694	(2,63,58,341)
Work-in-progress		(53,89,935)	(85,43,258)
Others		4,940	4,133
Excise on Closing Stock of Finished Goods		28,82,860	20,18,630
Scrap		35,350	11,500
	TOTAL	<u><u>1,34,04,909</u></u>	<u><u>(3,28,67,336)</u></u>

SCHEDULE '4'			
POWER & FUEL :			
Electricity Charges		2,47,10,669	1,28,31,595
Furnace oil consumption		3,67,23,246	1,86,13,628
Water Charges		33,92,844	23,08,770
Diesel consumption		8,22,670	4,39,287
Briquettes consumption		1,81,94,839	87,70,704
	TOTAL	<u><u>8,38,44,268</u></u>	<u><u>4,29,63,984</u></u>

SCHEDULE '5'			
OPERATION & MAINTENANCE :			
Stores and Spares Consumed		57,17,417	45,20,379
Machinery Repairs & Maintenance		13,32,743	10,19,291
Building Repairs & Maintenance		35,000	-
Other Repairs & Maintenance		20,74,223	20,39,406
Other Manufacturing Expenses		57,03,276	26,45,612
Effluent Expenses		52,86,374	50,70,768
R&D Expenses		6,24,000	6,29,000
	TOTAL	<u><u>2,07,73,033</u></u>	<u><u>1,59,24,456</u></u>



SCHEDULE '6'	31.03.2011 ₹	31.03.2010 ₹
SALARIES, WAGES & BENEFITS TO EMPLOYEES :		
Salaries, Wages & Bonus	4,17,00,640	3,04,62,025
Staff Welfare	11,90,688	10,11,242
Contribution to Provident Fund and other funds	28,25,291	24,71,446
TOTAL	4,57,16,619	3,39,44,713

SCHEDULE '7'		
ADMINISTRATIVE EXPENSES :		
Rent	6,12,400	5,57,400
Rates and Taxes	12,65,291	20,48,362
Insurance	13,11,787	10,98,370
Printing and Stationery	7,58,360	7,11,836
Postage, Telegrams and Telephones	10,59,939	11,92,050
Travelling Expenses	31,57,229	27,56,279
Legal and Professional Fees	16,93,087	10,85,755
Conveyance Expenses	15,21,375	14,34,007
Director Sitting Fees	1,85,000	1,79,000
Electricity Charges	7,37,323	9,39,428
Security Charges	14,47,334	11,94,484
Other Expenses	65,06,980	62,58,336
TOTAL	2,02,56,105	1,94,55,307

SCHEDULE '8'		
SELLING AND DISTRIBUTION :		
Ocean freight and other expenses for Export	1,47,77,242	79,40,965
Commission & Sales canvassing charges	15,63,947	17,07,273
Drums & Packing	27,94,761	25,91,909
Local freight and Other expenses	10,22,123	11,34,097
TOTAL	2,01,58,073	1,33,74,244

SCHEDULE '9'		
FINANCE COST :		
Interest on Long Term Loans	2,19,98,067	2,18,74,953
Interest on Fixed Deposits	49,06,112	14,64,420
Interest on other Loans	71,77,187	64,82,725
Bank Interest	1,37,32,865	1,85,72,769
Bank Charges	49,31,295	35,66,635
Interest to Directors	12,41,122	31,26,546
TOTAL	5,39,86,648	5,50,88,048

SCHEDULE 'J'**NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.****A. SIGNIFICANT ACCOUNTING POLICIES :-****1) Basis of preparation of Financial Statements**

The Accounts have been prepared on historical cost basis and as a going concern complying in all material aspects with applicable accounting principles in India, the notified Accounting Standards of the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956.

2) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/ materialised.

3) Revenue Recognition

- i) Sales of Products are recognized when significant risks and rewards of ownership of products are passed on to customers. Sales are stated at realizable values and include exchange differences, and are recorded net of excise duty recovery, sales tax and returns.
- ii) Dividend Income is recognized when the right to receive dividend is established.
- iii) Interest income and expense is recognized on time proportion method.

4) Fixed Assets

- i) Fixed assets are stated at their original cost including interest, borrowing cost and other expenses directly related to qualifying assets during construction period.
- ii) Cost of fixed assets not ready for their intended use before such date are disclosed under Capital Work in Progress.
- iii) All costs relating to up gradations/ enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits of lasting nature.
- iv) CENVAT Credits on capital goods are recognised in the books when the company becomes eligible to claim the same and are reduced from the cost of respective asset. Depreciation on these assets are calculated on the net amount.

5) Depreciation

- i) Assets individually costing ₹ 5,000/- or less are depreciated fully in the year of purchase
- ii) Leasehold land depreciated over the primary period of lease.
- iii) Depreciation on assets added upto 30th June 1986, are charged on straight line method at the rates as mentioned in Schedule XIV of Companies Act 1956.
- iv) Depreciation on Plant and Machinery, equipments and computers acquired after 1st July, 1986 up to 31st March, 2006 are charged on the written down value method as provided in Schedule XIV to the Companies Act, 1956.
- v) Depreciation on Factory and Non factory Building, Vehicles and furniture fixtures acquired after 1st July, 1986 have been calculated on written down method at rates specified under Schedule XIV of Companies Act, 1956.
- vi) Depreciation on Plant & Machinery, equipment and computers acquired after 1st April, 2006 are calculated on straight line method at rates provided under Schedule XIV of Companies Act, 1956.
- vii) Depreciation on Effluent Treatment Plant has been provided @ 100%.

6) Borrowing Cost

The Borrowing Cost attributed to the acquisition or construction of qualifying assets are capitalized as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit & Loss Account.



7) Impairment

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

8) Investments

Long term investments are stated at cost net of provisions. Investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investment was made. When market value of long term investments becomes less than cost, provision is considered only when the diminution is considered as being permanent by the management.

9) Valuation of Inventories

Inventories of Raw Materials, Stores and Spare parts, Packing Material, Fuel, Goods-in-progress and Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Stock of Scrap and Spent Acid is valued at net realizable value. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First-In-First-Out' or 'Average cost' as applicable. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company.

10) Foreign Currency Transaction

Foreign currency transactions are recorded by applying the rates on the date of transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account for the year.

All foreign currency denominated monetary assets and liabilities are translated at the exchange rates prevailing on the balance sheet date. The resultant exchange differences are recognised in the profit and loss account for the year. All non-monetary assets and liabilities are stated at the rates prevailing on the date of the transaction.

11) Retirement Benefits

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

12) Research and Development cost

- i) Revenue expenses on Research and Development are written off to the Profit and Loss Account.
- ii) Capital expenditure on Research and Development is shown as addition to fixed assets.

13) Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised subject to the consideration of prudence in respect of deferred assets on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.



14) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical evaluation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

15) Insurance Claims

Claims receivable are accounted at the time of lodgment depending on virtual certainty of receipt.

16) Earnings Per Share (EPS)

Basic EPS

The earnings considered in ascertaining the Company's basic EPS comprise the net profit/(loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Diluted EPS

The net profit/(loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS.

B. NOTES TO ACCOUNTS :-

- 1) The previous year's figures have been reworked, regrouped and reclassified wherever necessary.
- 2) Considering the turn around in the Global economy coupled with the fact that the Order Book position has improved including long term supply agreement from customers, the company is confident about improvement in financial position in the coming years which would in turn absorb accumulated losses. Hence, the company feels that although there are accumulated losses as on March 31, 2011, considering the current business trend, going concern would not be affected and accordingly accounts have been prepared.
- 3) The Company has investment of ₹ 25,50,000 comprising of 2,55,000 equity shares of ₹ 10/- each (51% of the equity capital) in Lifestyle Networks Ltd., a subsidiary company. As at 31st March, 2011, accumulated loss of the subsidiary of ₹ 5,36,27,881/- has exceeded in capital. Besides investments, to the subsidiary the Company had given guarantees to their lenders who have given secured loan to them the balance of which as on the Balance Sheet date is ₹ 2,95,48,508/-. Based on the subsidiary's performance during the financial year and business plans that are in the process of being implemented, coupled with the fact that out of the loans advanced to them in the past have been recovered during the year no provision is considered necessary in respect of the investments and guarantees and loan advanced to them.
- 4) Expenditure attributed to Fixed assets in the course of construction ₹ 30,46,464/- (P.Y. ₹ 2,47,080/-)
- 5) Income tax assessments are completed up to and inclusive of the year ending 31/03/2008. In the writ petitions filed before H'ble Bombay High Court in respect of the re-opened Assessment pertaining to year ending 31st March 1998 and 31st March 1999, rule was issued and that for the year ending 31st March 2001 has been restored to C.I.T. (Appeals) for re-adjudication. Company has been advised that for these years and in the appeal that is pending before C.I.T. (Appeals) for the year ended 31-03-2007, based on judicial precedent, no provision is required to be made towards the outstanding demands of ₹ 1,42,09,603/- . For the year ending 31-03-2002 to 31-03-2005, company's special leave petition are pending before H'ble Supreme Court and for these years provision (net of payments made) in the accounts of ₹ 38,38,909/- is considered adequate.
- 6) Schedule "D" - Unsecured Loan
 - a) Fixed Deposits from others includes ₹ 75,00,000/- of deposits which is personally guaranteed by the Chairman & Managing Director.
 - b) Other loan from Directors include ₹ 12,13,093/- (P.Y. ₹ 7,63,093/-) as part of promoters contribution pursuant to the covenant contained in the sanction letters of lender bank.
- 7) The repayment of Loan falling due within one year is as under:-
 - a) Secured Term Loans : ₹ 789.40 lacs
 - b) Unsecured Loans :-

Fixed Deposit	₹ 400.50 lacs
Other Loan	₹ 735.72 lacs
From Directors	₹ 137.00 lacs



- 8) Other debtors includes ₹ 3,74,64,587/- (P.Y. ₹ 1,92,08,392/-) from wholly owned subsidiary.
- 9) a) Sundry Creditors includes ₹ 15,80,276/- (P.Y. ₹ 5,16,773/-) being total outstanding dues to Small Scale Industrial Undertakings to the extent identified on the basis of information available with the company.
- b) Names of Small Scale Industrial Undertaking and Disclosure under MSMEDA to whom the Company owes as on 31st March, 2011, an amount exceeding ₹ 1.00 Lac which is outstanding for more than 30 days; (i) R.S. Samant Engineers Pvt.Ltd. ₹ 7,95,671/- (ii) Kris Flexipacks ₹ 3,64,165/- (iii) Amod Engineering Works ₹ 2,16,415/- (iv) Niki Chemical industries ₹ 2,04,025/-.

10) SEGMENT REPORT.

	2010-11			2009-10		
	Export Segment	Local Segment	Total	Export Segment	Local Segment	Total
	₹	₹	₹	₹	₹	₹
Segment Revenue						
a) External Turnover	44,61,81,126	9,89,21,419	54,51,02,545	27,97,92,344	7,00,00,926	34,97,93,270
b) Export Incentives	49,63,822	-	49,63,822	16,08,438	-	16,08,438
Other Un-allocated Revenue / Income						
a) Dividend			1,12,162			200
b) Other Revenue			71,21,285			80,14,570
TOTAL	45,11,44,948	9,89,21,419	55,72,99,814	28,14,00,782	7,00,00,926	35,94,16,478
Segment Results	3,08,92,626	76,218	3,09,68,844	14,77,919	(1,34,43,177)	(1,19,65,258)
Un-allocable Revenue			72,30,183			1,17,98,042
Operating Profits			3,81,99,027			(1,67,217)
Interest			(5,39,86,648)			(5,50,88,048)
Depreciation			(3,35,91,323)			(3,44,23,222)
Profit Before Taxation			(4,93,78,944)			(8,96,78,487)
Deferred Tax			(8,78,361)			(20,15,772)
Provision for Taxation			(25,00,000)			-
Profit After Taxation			(5,27,57,305)			(9,16,94,259)

- a) The company is mainly engaged in manufacturing of Chemical Intermediates having similar risks and returns, constituting a single segment. Revenue from other activities pursued are insignificant. Operations of the company are classified into two primary Geographical Segments namely Exports and Local. These segments have been identified and reported taking into account exchange control regulations, underlying currency risks and the internal financial reporting segments.
- b) Segment Revenue and Expenses :-
- Revenue directly attributable each of the segments is shown under segment revenue.
 - Segment expenses include directly attributable and certain indirect expenses allocated on a reasonable basis. It excludes interest expenses, depreciation and other common expenses which cannot be allocated on a reasonable basis.
- c) Segment Assets and Liabilities :-
Fixed Assets used in the companies business are not identifiable to any particular reportable segment; consequently management believes that it is not practical to provide segment disclosures relating to capital employed



11) RELATED PARTY DISCLOSURES.

Nature of Transaction	Holding Company	Subsidiaries	Associate Companies	Key Management Personnel	Total
	₹	₹	₹	₹	₹
a) Sale of goods	-	10,08,49,541	-	-	10,08,49,541
	(-)	(8,66,39,697)	(-)	(-)	(8,66,39,697)
b) Receiving services	-	-	10,34,181	-	10,34,181
	(-)	(-)	(7,53,006)	(-)	(7,53,006)
c) Managerial Remuneration	-	-	-	54,93,090	54,93,090
	(-)	(-)	(-)	(41,35,719)	(41,35,719)
d) Directors' Sitting Fees	-	-	-	1,85,000	1,85,000
	(-)	(-)	(-)	(1,79,000)	(1,79,000)
e) Interest Expenses	21,34,213	-	3,68,630	-	25,02,843
	(10,91,731)	(-)	(39,340)	(16,26,546)	(27,57,617)
f) Interest Income	-	16,11,690	-	-	16,11,690
	(-)	(55,60,156)	(-)	(-)	(55,60,156)
g) Fixed Deposit Received	-	-	-	12,00,000	12,00,000
	(-)	(-)	(-)	(12,00,000)	(12,00,000)
h) Loans Accepted	4,44,60,000	-	27,50,000	4,50,000	4,76,60,000
	(1,66,00,000)	(-)	(20,00,000)	(7,63,093)	(1,86,00,000)
i) Loans repayment	-	2,43,07,166	27,50,000	12,00,000	2,82,57,166
	(-)	(3,72,99,379)	(-)	(-)	(3,72,99,379)
j) Guarantees provided to bank for loan borrowed by subsidiary	-	2,95,48,508	-	-	2,95,48,508
	(-)	(4,93,70,807)	(-)	(-)	(4,93,70,807)
Outstanding balance as on March 31, 2011	2,43,16,303	3,74,64,587	2,78,242	24,13,093	
I) List of Related Parties					
i) Holding Company	-	M/s. Manekchand Panachand Trading Investment Co. Pvt. Ltd.			
ii) Subsidiaries	-	M/s. Anuchem B.V.B.A., Belgium M/s. Anuchem Pte. Ltd., Singapore M/s. Lifestyle Networks Ltd.			
iii) Associate Companies	-	M/s. IBI Engineering & Services Pvt. Ltd. M/s. Amnisera Corporation M/s. Manekchand Panachand & Co. M/s. Chandra Net Pvt. Ltd.			
II) Key Management Personnel					
i) Shri A.D. Javeri	-	Chairman & Managing Director Smt. Seema A. Javeri wife of Shri A.D. Javeri Smt. Molina D. Javeri Mother of Shri A.D. Javeri Mr. Abhishek A. Javeri son of Shri A.D. Javeri			
ii) Shri N.R. Jani	-	Director & Company Secretary			
III) Disclosure in respect of material related party transactions during the year.					
(1) Sale of Goods to Anuchem B.V.B.A., Belgium ₹ 10,08,49,541/- (P.Y. ₹ 8,66,39,697/-) (2) Receiving Services to Amnisera Corporation (Associated Company) ₹ 10,34,181/- (P.Y. ₹ 7,53,006/-) (3) Interest Expenses to Manekchand Panachand Trading & Investment Co.Pvt.Ltd.(Holding Company) ₹ 21,34,213/- (P.Y. ₹ 10,91,731/-) (4) Interest Expenses to Manekchand Panachand & Co. (Associate Company) ₹ 3,68,630/- (P.Y. ₹ 39,340/-) (5) Interest Income to Life Style Network Ltd. (Subsidiary Company) ₹ 16,11,690/- (P.Y. ₹ 55,60,156/-) (6) Loan Accepted to Manekchand Panachand Trading & Investment Co.Pvt.Ltd. (Holding Company) ₹ 4,44,60,000/- (P.Y. ₹ 1,66,00,000/-), Manekchand Panachand & Co. (Associate Company) ₹ 27,50,000/- (P.Y. ₹ .20,00,000/-) (7) Loan Repayment to Lifestyle Networks Ltd. (Subsidiary Company) ₹ 2,43,07,166/- (P.Y. ₹ 3,72,99,379/-), Manekchand Panachand & Co. ₹ 27,50,000/- (P.Y. ₹ 20,00,000/-), Asit D. Javeri (Key Management) ₹ 4,50,000/- (8) Fixed Deposit Received to Asit D. Javeri (Key Management) ₹ 12,00,000/- (P.Y. ₹ 12,00,000/-)					



	31.03.2011	31.03.2010
	₹	₹
12) Deferred tax Asset arising on account of timing differences		
(a) Depreciation and Amortisation	(1,46,48,378)	(1,20,03,749)
(b) Unabsorbed depreciation	3,95,93,053	3,95,93,053
(c) Expenditure allowed under IT Act on payment basis	36,24,592	18,58,324
Total Deferred tax asset	<u>2,85,69,267</u>	<u>2,94,47,628</u>

Deferred tax Asset recognized in the earlier years are continued to be carried forward in the accounts based on virtual certainty supported by convincing evidence composed of binding export orders.

13) Earnings per share of Nominal value of ₹10/- each computed in accordance with Accounting Standard (AS-20) for the year.		
(a) Profit/(Loss) after tax as per P&L account (₹)	(5,27,57,306)	(9,16,94,259)
(b) Opening number of equity shares outstanding	92,00,830	92,00,830
(c) Closing number of equity shares outstanding	92,00,830	92,00,830
(d) Basic/Diluted earnings per share [(a)/(c)] (₹10/- per share)	(5.73)	(9.75)

14) Employee Benefit.

Defined Contribution Plan

Contribution to defined contribution plan, recognized as expenses for the year are as under

Employers Contribution to Provident Fund	12,65,759	10,71,033
Employer Contribution to pension scheme	11,11,864	10,45,417

Defined Benefit plan

The employee's gratuity fund scheme managed by a trust is defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized manner as gratuity.

I) Reconciliation of opening and closing balance of defined Benefit obligation

	2010-11	Gratuity (Funded) 2009-10	Leave Encashment (unfunded) 2010-11	2009-10
	₹	₹	₹	₹
Defined Benefit Obligation at beginning of the year	1,21,25,522	1,23,04,831	41,38,995	47,35,403
On Amalgamation	-	-	-	-
Current Service Cost	8,43,021	5,55,684	3,11,579	1,65,560
Interest Cost	9,70,042	9,84,386	3,31,120	3,78,832
Actuarial gain/loss	45,96,569	23,45,285	10,65,929	11,40,800
Benefit paid	(18,14,626)	(21,89,664)	(4,85,096)	-
Settlement cost	-	-	-	-
Defined Benefit Obligation at year end	1,67,20,528	1,40,00,522	53,62,526	41,38,995

II) Reconciliation of opening and closing balance of

fair value of plan assets at beginning of the year	1,11,88,852	1,23,26,077	-	-
On Amalgamation	-	-	-	-
Expected Return on Plan Assets	9,73,186	10,52,439	-	-
Actuarial (gain)/loss	-	-	-	-
Employer Contribution	5,669	-	-	-
Benefit Paid	18,14,626	21,89,664	-	-
Settlement cost	-	-	-	-
Fair Value of plan assets at year end	1,03,53,081	1,11,88,852	-	-
Actual return on plan assets	-	-	-	-



	2010-11	Gratuity (Funded) 2009-10	Leave Encashment (unfunded) 2010-11	2009-10
	₹	₹	₹	₹
III) Reconciliation of fair value of assets and obligation				
Fair value of plan assets	1,03,53,081	1,11,88,852	-	-
Present value of obligation	1,67,20,528	1,40,00,517	53,62,626	41,38,995
Amount recognised in balance sheet	63,67,447	28,11,670	53,62,626	41,38,995
IV) Expenses recognized during the year (under head of "payment to and Provision for employee")				
Current service cost	8,43,021	5,55,684	3,11,579	1,65,560
Interest Cost	9,70,042	98,386	3,31,120	3,78,832
Expected return on plan assets	(9,73,186)	(10,52,439)	-	-
Actuarial (gain)/loss	27,21,569	(4,70,280)	10,65,929	11,40,800
Net Cost	35,61,446	9,57,916	17,08,628	1,68,519
V) Actuarial assumption				
Discount Rate (P.A.)	8%	8%	8%	8%
Expected rate of return on plan assets (P.A.)	8%	8%	8%	8%
Rate of escalation in salary (P.A.)	4%	4%	4%	4%

The estimated rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certify by actuary.

The expected rate on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risk, historical results of return on plan assets and the company's policy for plan assets management.

15) Foreign currency balances not hedged

Particulars	31.03.2011		31.03.2010		
	F.C.	F.C. Amount	INR		
Debtors	USD	13,82,400	6,37,23,591	USD 7,63,088	1,01,71,363
	EURO	3,67,900	2,33,21,181	EURO 3,58,776	4,53,35,782
Cash/Bank	USD	488	21,748	USD 580.73	25,941
Creditors	USD	-	-	USD -	-
Loans	USD	30,89,320	13,79,80,313	USD 19,03,528	8,77,89,059
				31.03.2011	31.03.2010
				₹	₹

16) Contingent Liabilities not provided for :

(a) Estimated amount of contracts remaining to be executed on capital accounts (Net of Payments)	18,47,390	8,88,797
(b) In respect of Guarantee given by the Company's Banker for Central Excise and other purposes	25,000	25,000
(c) In respect of corporate guarantee given by the company to the bank for Loans borrowed by Indian subsidiary	2,95,48,508	4,93,70,807

17) Payment to Auditor :

(a) Audit Fees	2,50,000	2,50,000
(b) Tax Audit	65,000	65,000
(c) Certification and Tax Representation	72,500	25,000
TOTAL	<u>3,87,500</u>	<u>3,40,000</u>



	2010-11 ₹	2009-10 ₹
18) Managerial remuneration under Section 198 of the Companies Act 1956 :		
(a) Salary	27,55,000	25,80,000
(b) Provident Fund	3,30,600	3,09,600
(c) Other Perquisites	19,94,240	12,46,119
(d) Performance Allowance	4,13,250	-
TOTAL	<u>54,93,090</u>	<u>41,35,719</u>

19) The Ministry of Corporate Affairs, Government of India vide its general Notifications No S.O. 301(E) dated 8th February 2011 issued under section 211(3) of the Companies Act, 1956 has exempted certain classes of companies from disclosing certain information in their profit and loss account. The company being an export oriented company is entitled to the exemption. Accordingly, disclosures mandated by paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b) and 3(ii)(d) of Part II, Schedule VI to the Companies Act, 1956 have not been provided.

20) Additional information required to be given in pursuance of Para Nos.3,4-C,4-D of Part II of Schedule VI of the Companies Act, 1956.

(A) LICENSED, INSTALLED CAPACITY AND PRODUCTION

Particulars	Licensed DGTDRgn. Capacity M.T. (P.A.)	* Installed Capacity M.T. (P.A.)	PRODUCTION	
			2010-11 M.T.	2009-10 M.T.
Organic Intermediates	3,575	3,575	1,940	1,346
Chemical Intermediates	9,036	9,036	9,344	5,865

* Certified by Chairman & Managing Director on which the Auditors have relied.

	31.03.2011 ₹	31.03.2010 ₹
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(B) VALUE OF IMPORTS CALCULATED ON CIF BASIS

Raw Material	6,30,42,417	5,46,51,641
Stores Material	-	-
TOTAL	<u>6,30,42,417</u>	<u>5,46,51,641</u>

(C) EXPENDITURE IN FOREIGN CURRENCY

(To the extent paid)		
Travelling Expenses	9,09,070	6,77,748
Commission	24,34,571	6,58,542
Interest and other charges on FC Loan from banks	30,92,596	4,46,334
TOTAL	<u>64,36,237</u>	<u>17,82,624</u>

(D) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED AND PERCENTAGE OF EACH TO THE TOTAL CONSUMPTION :

(a) Raw Materials:				
(i) Imported	19.72%	6,70,89,608	32.68%	6,54,87,824
(ii) Indigenous	80.28%	27,31,93,148	67.32%	13,48,73,384
(b) Spares parts & Components :				
(i) Imported		-	-	-
(ii) Indigenous	100%	59,57,700	100.00%	45,20,379

(E) EARNINGS IN FOREIGN EXCHANGE:

Export Sales on FOB Value (₹)	43,27,97,134	27,42,53,187
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RESEARCH AND DEVELOPMENT EXPENDITURE

	31.03.2011	31.03.2010
	₹	₹
Materials : Equipments, chemicals, gases, glass wares, repairing etc.	2,95,678	3,72,750
: Rent, Service Charges and others	12,75,660	14,68,766
Personnel : Salaries, Allowances, Bonus, Provident Fund etc.	24,78,581	16,37,869
TOTAL	<u>40,49,919</u>	<u>34,79,385</u>

This information is given pursuant to the recognition granted by the Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India, vide their letter No.TU/IV-RD/1177/2009 dated 10-08-2009, the Company's Research & Development Laboratory.

Signature for Schedule 'A' to 'J' and '1' to '9'

As per our Report of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 17th June, 2011

For and On Behalf of the Board of Directors
A. D. JAVERI Chairman &
Managing Director
N. R. JANI Director &
Company Secretary
ARVIND R. DOSHI Director
R. A. SHROFF Director
P. S. JHAVERI Director
D. M. SHAH Director
A. A. JAVERI Director

Place : Mumbai
Dated : 17th June, 2011



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(Part of Schedule VI of Companies Act, 1956)

I. Registration

Registration No.
State Code
Balance Sheet Date Date Month Year

II. Capital raised during the year (Amount in ₹ Thousand)

Public Issue	Right Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousand)

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="6"/>
Source of Funds	
Paid-up Capital	Reserve & Surplus
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="8"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="0"/>
Secured Loans	Unsecured Loans
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="3"/>
Application of Funds	
Net Fixed Assets	Investments
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="2"/>
Net Current Assets	Misc. Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="9"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="6"/>	

IV. Performance of Company (Amount in ₹ Thousand)

Turnover	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="6"/>
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
(-) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="9"/>	(-) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="7"/>
(Please tick appropriate box + for profit - for loss)	
Basic Earning Per Share in ₹	Dividend rate %
(-) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/>

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)
Product Description
Item Code No. (ITC Code)
Product Description
Item Code No. (ITC Code)
Product Description



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,
RELATED TO SUBSIDIARY COMPANY**

	(In Euro)	(In Singapore \$)	(In Rupees ₹)
1. Name of the Subsidiary	ANUCHEM BVBA	ANUCHEM PTE LTD.	LIFESTYLE NETWORKS LTD.
2. Date from which it became a Subsidiary	01-04-1998	12-10-2007	22-08-2005
3. Financial Year of the subsidiary ended on	31-12-2010	31-12-2010	31-03-2011
4. Shares of the subsidiary held by the Company on the above date :			
a) Number and face value	750 Shares of Euro 25 each	25000 Share of S\$ 1 each	255000 Shares of ₹ 10/- each
b) Capital and Reserve of the subsidiary as at the end of above financial year of the subsidiary			
i) Capital	18,750	25,000	50,00,000
ii) Reserve and Surplus	39,274	-	-
c) Extend of holding	100%	100%	51%
5. Net aggregate amount of profit/(losses) of the subsidiary for the above financial year of the subsidiary, so far as the concern members of the Company :			
a) Dealt with in the accounts of the Company for the year 31 st March, 2011	-	-	-
b) Not dealt with in the accounts of the company for the year ended 31 st March, 2011	(126)	(7,722)	(7,66,970)
6. Net aggregate amount of profits/(losses) for previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Company :			
a) Dealt with in the account of the Company	-	-	-
b) Not dealt with in the accounts of the Company	37,398	(30,163)	(5,36,27,881)
7. Changes of interest of the Company in the subsidiary between the end of the financial year of subsidiary and that of the Company :			
a) Number of Shares	None	None	None
b) Extent of Holder	None	None	None
8. Material changes between the end of the financial year of subsidiary and that of Company :			
a) The Subsidiary's fixed assets	None	None	None
b) Its Investments	None	None	None
c) The Monies lent by it	None	None	None
d) Borrowing other than for meeting current liabilities	None	None	None

A. D. JAVERI
Chairman & Managing Director
N. R. JANI
Director & Company Secretary

ARVIND R. DOSHI
R. A. SHROFF
D. M. SHAH

Director
Director
Director

P. S. JHAVERI
A. A. JAVERI
Director
Director

Place : Mumbai
Dated : 17th June, 2011

Annual Report of the Subsidiary Company

ANUCHEM B. V. B. A.
BELGIUM

BOARD OF DIRECTORS

Mr. Asit D. Javeri
Mr. Nitin R. Jani
Mr. Ronny Verchaeren

AUDITORS

Mr. Luc Verreyken
Accountantskantoor,
Agiver BVBA
Bisschoppenhoflaan 588,
B-2100 Deume.

DIRECTOR'S REPORT

The Directors of Anuchem BVBA are pleased to submit herewith the annual report and Audited statement of accounts for the year ended 31st December, 2010.

REVIEW OF BUSINESS :

The principal activities of the Company continued to be marketing of Chemicals. The Turnover during the year was EURO 1.250.484,59 (2009 - EURO 1.709.904,90). The Loss for the year at EURO 125,92 (2009 Loss for the year - EURO 1.286,16).

The Directors opined that, the performance during the year 2010 was satisfactory. Barring unforeseen circumstances the performance of Company is expected to improve in the current financial year.

DIVIDEND :

The Directors have decided that there will be no dividend for the year 2010.

AUDITORS :

The auditors, Mr. Luc Verreyken of Agiver BVBA, accountantskantoor have expressed their willingness to continue as Auditors and the Directors will place a resolution before the general meeting for their re-appointment.

On Behalf of Board

A. D. Javeri
Director

Antwerpen,
20th May, 2011

AUDITOR'S REPORT

AGIVER BVBA ACCOUNTANTS KANTOOR
BISSCHOPPENHOF LAAN 588
2100 DEURNE
REG. NO. 4755 2N 53

To the shareholders of Anuchem BVBA :

I have audited the balance sheet of Anuchem BVBA as at 31st December, 2010 and the related Profit and Loss Account which have been prepared on the basis of accounting policies stipulated under Chapter II of the royal decree of 8th October, 1976.

The said accounting policies have not been altered in relation to the previous financial year. The Profit and Loss Account is not being majorly influenced by yields and costs that have to be ascribed to the previous financial year.

I have conducted my audit in accordance with the auditing standards issued by IAB Accountants organisation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the companies circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also considered the overall adequacy of the presentation of information in financial statement.

In my opinion the financial statement give a true and fair view of the state of affairs of the Company at 31st December, 2010 and of the profit or Loss for the year then ended and have been properly prepared in accordance with the requirement of the Belgium Company law.

Antwerpen, 20th May, 2011

For Agiver Bvba
Luc Verreyken
Reg. No. 4755 2N 53

ANUCHEM B.V.B.A.

ANNUAL STATEMENT OF ACCOUNTS OF ANUCHEM BVBA BALANCE SHEET AFTER DISTRIBUTION OF PROFIT

As at 31st December, 2010

	2010 (Currency : Euro)	2009 (Currency : Euro)
ASSETS		
1) Fixed Assets		
i) Fixed Assets (gross)	1.830,97	1.830,97
ii) Less : depreciation	<u>(1.830,97)</u>	<u>- (1.830,97)</u>
2) Current Assets		
i) Stocks	45.140,00	212.625,00
ii) Receivables :		
a) Trade receivables	227.349,06	149.988,00
b) Other receivables	<u>-</u>	<u>2.939,20</u>
	227.349,06	152.927,20
3) Liquid resources		
	29.273,69	12.355,86
TOTALASSETS	<u>301.762,75</u>	<u>377.908,06</u>
LIABILITIES		
1) Issued Capital		
	18.750,00	18.750,00
2) Reserves:		
i) Legal reserve	1.875,00	1.875,00
ii) Profit and loss Account	<u>37.398,58</u>	<u>37.524,50</u>
	39.273,58	39.399,50
3) Current liabilities :		
i) Suppliers	230.254,90	312.264,00
ii) Fiscal Provision	13.326,58	6.088,31
iii) Others - Suppliers	157,69	-
iv) Dividend Payable	<u>-</u>	<u>1.406,25</u>
	<u>243.739,17</u>	<u>319.758,56</u>
TOTAL LIABILITIES	<u>301.762,75</u>	<u>377.908,06</u>

AGIVER BVBA
Accountantskantoor
Reg. No. 4755 2N53

A. D. Javeri
Director

Antwerpen, 20th May, 2011

ANUCHEM B.V.B.A.

ANNUAL STATEMENT OF ACCOUNTS OF ANUCHEM BVBA PROFIT AND LOSS ACCOUNT

As at 31st December, 2010

	2010 (Currency : Euro)	2009 (Currency : Euro)
INCOME		
Turnover	1.250.484,59	1.709.904,90
Interest received	33,30	72,67
Increase / (decrease) in closing stock	(167.485,00)	751.75,00
Income / (loss) on exchange fluctuation	<u>25.063,10</u>	<u>67.499,99</u>
	1.108.095,99	1.852.652,56
EXPENSES :		
Purchases	1.036.529,35	1.804.003,24
Clearing and forwarding charges	65.687,59	44.316,14
Travelling and administrative expenses	4.612,58	4.522,08
Local taxes	906,50	600,50
Financial expenses	<u>485,89</u>	<u>496,76</u>
	1.108.221,91	1.853.938,72
PROFIT/(LOSS) BEFORE TAXATION :	(125,92)	(1.286,16)
Less : For the earlier year	-	-
PROFIT/(LOSS) AFTER TAX	(125,92)	(1.286,16)
Add : Carried over profit of last year	<u>37.524,50</u>	<u>38.810,66</u>
Profit to be carried over	37.398,58	37.524,50

AGIVER BVBA
Accountantskantoor
Reg. No. 4755 2N53

A. D. Javeri
Director

Antwerpen, 20th May, 2011

NOTES ON ANNUAL STATEMENT OF ACCOUNT OF ANUCHEM BVBA FOR 2010

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1) ACCOUNTING POLICIES

The Principal accounting policies adopted by the company are as follows:

a) BASIS OF ACCOUNTING :

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) STOCKS :

Stocks are valued at lower of cost or net realisable value.

c) CURRENCIES :

This accounts have been prepared in Euro. (•)

d) FOREIGN CURRENCIES :

Revenue transactions in foreign currencies are translated in Euro at the exchange rate prevailing on the date of transaction.

At the end of the financial year the Assets and liabilities expressed in foreign currencies are translated into Euro at the rate of exchange ruling at the end of financial year.

e) DEPRECIATION :

Depreciation on Fixed assets is at the rate of 20% per annum on straight line basis.

f) TAXATION :

Tax payable is provided on taxable profit at the current tax rate.

2) SHARE CAPITAL

Authorised, allotted and fully paid-up.
750 shares of • 25,00 Euro each

3) RECEIVABLES (due within one year)

	More than 6 months		Others	
	2010	2009	2010	2009
a) Trade receivable	12.800,00	-	214.549,06	149.988,00
b) Other receivable	-	-	-	2.939,20
	12.800,00	-	214.549,06	152.927,20

4) SUPPLIERS

(due within one year)

a) For Purchase	35.000,00	-	195.254,90	312.264,00
b) For Services	-	-	13.326,58	6.088,31
	35.000,00	-	208.581,48	318.352,31

	2010 (Currency : Euro)	2009 (Currency : Euro)
5) TRAVELLING AND ADMINISTRATIVE EXPENSES		
Fees	4.336,95	4.214,62
Register and publication costs	115,63	307,46
Other business expenses	160,00	-
	4.612,58	4.522,08
6) CLEARING AND FORWARDING CHARGES		
Freight	53.583,20	31.248,63
Rental stock house	3.164,39	3.088,86
Fee novatrans	8.940,00	8.940,00
	65.687,59	43.277,49
7) LOCAL TAXES		
Local Taxes	906,50	600,50
	906,50	600,50
8) FINANCIAL EXPENSES		
Interests	18,48	4,94
Charges	467,41	491,82
Income	(33,30)	(72,67)
	452,59	424,09
9) LIQUID RESOURCES		
General bank Usd (fortis)	2.518,31	-
General bank Euro (fortis)	145,01	617,07
State bank of India (Usd)	5.296,94	612,21
State bank of India (Euro)	21.219,86	11.033,01
	29.180,12	12.262,29
Cash Balance	93,57	93,57
	29.273,69	12.355,86

AGIVER BVBA
Accountantskantoor
Reg. No. 4755 2N53

A. D. Javeri
Director

Antwerpen, 20th May, 2011

Annual Report of the Subsidiary Company

ANUCHEM PTE LTD.

SINGAPORE

BOARD OF DIRECTORS

Mr. Asit D. Javeri
Mr. Nitin R. Jani
Ms. Tiah Tan Lim, Lynne

AUDITORS

MGI N RAJAN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

10 Jalan Besar
#10-12, Sim Lim Tower
Singapore 208787

DIRECTOR'S REPORT

**REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2010**

The directors submit this annual report to the members together with the audited financial statements of the Company for the financial year ended 31st December, 2010.

1. DIRECTORS

The directors in office at the date of this report are :-

- JAVERI ASIT DHANKUMAR**
- JANI NITIN RAMESHCHANDRA**
- TIAH LAN TIM, LYNNE**

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits through the acquisition of shares in, or debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporation except as follows :

Name of the Directors	No of Share	
	At the beginning of the period	At the end of the period
Shares in Holding Company Sadhana Nitro Chem Limited at INR Rs 10.00 per each share		
JAVERI ASIT DHANKUMAR	377,963	377,963
JANI NITIN RAMESHCHANDRA	27,392	27,392

4. DIRECTOR'S CONTRACTUAL BENEFITS

During the year no director has received or become entitled to receive a benefit by reason of a contract made by the company or by a related corporation with the Director or with a firm of which he is a member or

with a company in which he has a substantial financial interest other than those disclosed in the financial statements.

5. OPTIONS GRANTED

No options were granted during the financial year to take up unissued shares of the Company.

6. OPTIONS EXERCISED

No shares were issued by virtue of the exercise of options.

7. OPTIONS OUTSTANDING

There were no unissued shares under option at the end of the financial year.

STATEMENT BY DIRECTORS

We, **JAVERI ASIT DHANKUMAR AND JANI NITIN RAMESHCHANDRA** being the directors of **ANUCHEM PTE LTD**, do hereby state, in the opinion of the directors,

- (a) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company for the year ended 31STDECEMBER, 2010 and of the results of the business, changes in equity and cash flows of the Company for the year then ended;
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed at Mumbai

On Behalf of Board
Asit D. Javeri **Nitin R. Jani**
Director Director

Mumbai
Date : 28th January, 2011

AUDITOR'S REPORT**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANUCHEM PTE LTD.
(Incorporated in Singapore)**

We have audited the accompanying financial statements of the Company, which comprise the balance sheet as at 31stDecember, 2010, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion :-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2010 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**MGI N RAJAN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

SINGAPORE

DATE : 28th January, 2011

ANUCHEM PTE LTD

BALANCE SHEET AS AT 31ST DECEMBER, 2010

	NOTE	31.12.2010 S\$	31.12.2009 S\$
ASSETS LESS LIABILITIES			
Current Assets			
Cash and cash equivalents	4	<u>23,637</u>	<u>25,759</u>
		<u>23,637</u>	<u>25,759</u>
Current Liabilities			
Other payables	5	<u>28,800</u>	<u>23,200</u>
		<u>28,800</u>	<u>23,200</u>
Net current Assets		<u>(5,163)</u>	<u>2,559</u>
NET ASSETS		<u>(5,163)</u>	<u>2,559</u>
Represented by :			
Equity			
Issued capital	6	25,000	25,000
Accumulated (Losses)		<u>(30,163)</u>	<u>(22,441)</u>
TOTAL EQUITY		<u>(5,163)</u>	<u>2,559</u>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2010

	NOTE	31.12.2010 S\$	31.12.2009 S\$
Revenue		-	-
Less : Expenses		-	-
Professional Fees		4,600	6,000
Audit Fees		1,000	1,000
Exchange Loss		<u>2,122</u>	<u>611</u>
		<u>7,722</u>	<u>7,611</u>
(Loss) from operations before tax	3	<u>(7,722)</u>	<u>(7,611)</u>
Tax Expenses		-	-
Net (Loss)		<u>(7,722)</u>	<u>(7,611)</u>
Other comprehensive income		-	-
Total comprehensive income		<u>(7,722)</u>	<u>(7,611)</u>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

ANUCHEM PTE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2010

		Share Capital S\$	Accrued (Losses) S\$	Total S\$
Balance at 1st January, 2009		25,000	(14,830)	10,170
Issuance of shares		-	-	-
Total comprehensive income		-	(7,611)	(7,611)
Balance at 31st December, 2008		25,000	(22,441)	2,599
Total comprehensive income		-	(7,722)	(7,722)
Balance at 31st December, 2010		<u>25,000</u>	<u>(30,163)</u>	<u>(5,163)</u>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER, 2010

	31.12.2010 S\$	31.12.2009 S\$
Cash flow from Operating Activities		
Loss before taxation	<u>(7,722)</u>	<u>(7,611)</u>
Operating loss before working capital Changes	<u>(7,722)</u>	<u>(7,611)</u>
Increase in other payables	<u>5,600</u>	<u>7,000</u>
Cash generated from operating activities	<u>(2,122)</u>	<u>(611)</u>
Net Change in Cash & Cash Equivalents	<u>(2,122)</u>	<u>(611)</u>
Cash & cash equivalents at the beginning of the Year	25,759	26,370
Cash & cash Equivalents at end of the Year	<u>23,637</u>	<u>25,759</u>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

NOTES TO THE FINANCIAL STATEMENTS 31ST DECEMBER, 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The financial statements of the company for the period ended 31ST DECEMBER, 2010 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The Company is incorporated as a limited liability are to carry on business as International Trading. However, the Company has not commenced any business during the year.

The company's registered office & principal place of business address :-
10 Jalan Besar,
#10-12, Sim Lim Tower,
Singapore 208787.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Basis of Preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions made by the Company that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

There are no new or amended standards and interpretation effective in 2010 is relevant to the company.

b) Taxation

The tax expenses is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

c) Impairment

The carrying amounts of the Company's assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

d) Receivables

Receivables are recognized at cost, which is the original amount less allowance for any doubtful debts. The carrying value approximates the fair value of receivables.

e) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

f) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits.

g) Foreign currency transactions**Functional currency**

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company ("the functional currency"). The financial statements are prepared in Singapore dollars which is the functional currency of the Company.

Transactions and balances

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit and loss account in the period in which they arise. However, where a foreign currency transaction is to be settled at a contracted rate or is covered by a related or matching forward exchange contract, the rate of exchange specified in the contract will be used and any corresponding monetary assets or liabilities will not be retranslated.

h) Related party

For the purpose of these financial statements, parties are considered to be related to the company if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

i) Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than on a business

combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

3. TAXATION

No provision is made in the accounts since the Company is dormant.

4. CASH & CASH EQUIVALENTS	2010	2009
	S\$	S\$
Cash at bank	<u>23,637</u>	<u>25,759</u>
	<u>23,637</u>	<u>25,759</u>

5. OTHER PAYABLES

Other creditors & accruals	<u>28,800</u>	<u>23,200</u>
	<u>28,800</u>	<u>23,200</u>

6. SHARE CAPITAL

Issued & fully paid up

Ordinary Shares	<u>25,000</u>	<u>25,000</u>
	<u>25,000</u>	<u>25,000</u>

The ordinary shares are with no par value and entitled for dividend as and when declared and carry one vote per share with no restriction.

The ordinary shares are denominated in Singapore dollars and at historical rates.

7. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development by issuing or redeeming equity and debts instruments when necessary.

The board of directors monitors its capital based on net debt and total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

The company is not subject to any externally imposed capital requirements. Net debt

Total equity

8. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Company has no written risk management policies and guidelines. Its directors have adopted policies in the adhoc fashion that to mitigate risks in a cost effective manner.

a) Price risk

i) Currency risk

The Company operates and sells its products in several countries other than Singapore and transacted in foreign currencies

including United State Dollars. As a result, the Company is exposed to movements in foreign currencies exchange rates. However, the Company does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company has no interest bearing financial instruments, hence is not exposed to any market interest rates.

b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or the issuer or factors affecting all securities traded in the market.

Then Company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company had no significant concentrations of credit risk. The maximum exposure to credit risk in relation to each class of recognized financial assets, other than derivatives, is represented by the carrying amount of each financial asset as indicated in the balance sheet.

Cash is held with financial institutions of good standing.

d) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The company maintains sufficient level of cash and cash equivalents.

e) Cash flow risk

Cash flow is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The Company is not exposed to any cash flows risk as it does not have any monetary financial instruments will fluctuate in amount.

9. Holding Company

The Company is a wholly owned subsidiary of Sadhana Nitro Chem Limited, a company Incorporated in India.

Annual Report of the Subsidiary Company



LIFESTYLE NETWORKS LIMITED

BOARD OF DIRECTORS

Shri Asit D. Javeri	Director
Shri Abhishek A. Javeri	Director
Smt Seema A. Javeri	Director
Shri Nitin R. Jani	Director
Shri Priyam S. Jhaveri	Director
Shri Pradeep N. Desai	Director

BANKERS

STATE BANK OF PATIALA
Atalanta, 1st Floor,
Nariman Point,
Mumbai - 400 021

AUDITORS

V. SANKAR AIYAR & CO.
Chartered Accountants
2-C, Court Chambers,
35, New Marine Lines,
Mumbai - 400 020.



To the Members of LIFESTYLE NETWORKS LIMITED

Your Directors have pleasure in presenting to you their 5th Report of your Company together with the Statement of Audited Accounts for the period ended 31st March, 2011.

	2010-11 ₹	2009-10 ₹
1. FINANCIAL RESULTS		
Sales	28,85,305	25,70,397
Other Income	2,27,09,209	46,54,056
Total	<u>2,55,94,514</u>	<u>72,24,453</u>
Loss: before exceptional item		
Depreciation and Taxation	50,70,364	(11,68,259)
Less: Depreciation	40,90,029	24,96,429
Profit/(Loss) before Tax	9,80,335	(36,64,688)
Deferred tax adjustment	24,84,197	(1,14,58,529)
Profit/(Loss) after tax	(15,03,862)	(1,51,23,217)
Opening Balance brought forward	<u>(5,21,24,019)</u>	<u>(3,70,00,802)</u>
Balance carried forward to Balance Sheet	<u>(5,36,27,881)</u>	<u>(5,21,24,019)</u>

2. REVIEW OF OPERATIONS

During the year your company has provided several Wi-Fi (Wireless Fidelity) based network solutions of ₹ 28,85,305/- (P.Y. ₹ 25,70,397/-) AND VENTURE INCOME ₹ 2,27,09,209/- (P.Y. ₹ 46,52,590/-) Joint Agreement with Ahmedabad based ISP Company.

Your company has focused on its core competency of creating wireless hotzones. Endeavors are also directed towards marketing its technology to several hospitals, industries and construction companies for sale of wireless technology for high end applications. Your company has successfully bagged prestigious order valuing about ₹ 1 Crore which will be executed soon. On successful completion of this order more such orders are expected.

In view of the carried forward loss your Directors do not recommend payment of any dividend for the year ended 31st March, 2011.

3. OUTLOOK.

Roll out of fixed wireless network in Ahmedabad under the brand name of spidigo under joint venture with M/s. Chandra Net Private Limited has got very good response. The network which started functioning in September, 2009 has today more than 25,000 clients.

It is heartening to note that this has placed the joint venture company as the largest ISP in Ahmedabad and 22nd largest ISP in the country.

Your company will continue its endeavor to increase its sale of Wi-Fi based network solutions. Several project of Wi-Fi solutions are in various stages of negotiation.

4. INSURANCE

The assets of your Company are adequately insured.

5. FIXED DEPOSITS

No Fixed Deposits were accepted by your Company.

6. DIRECTORS

Mr. Pradeep N. Desai and Mr. A.D. Javeri, retires by rotation at the ensuing annual general meeting and being eligible offer themselves for the reappointment.

7. AUDITORS

Messrs V. Sankar Aiyar & Co., Chartered Accountants, Auditors of your Company, at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO.

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters are given in Annexure appended hereto and forms part of this Report.

9. COMPLIANCE CERTIFICATE.

Secretarial Compliance certificate pursuant to Section 383A of the Companies Act, 1956 has been obtained from M/s. Makarand M. Joshi & Co., Practicing Company Secretaries.

10. EMPLOYEES.

The industrial relations during the year were cordial. There were no employees drawing remuneration in excess of the limits specified U/s 217(2A) of the Companies Act, 1956.

11. DIRECTORS' RESPONSIBILITY STATEMENT.

As required under Section 217(2AA) of the Companies Act, the Directors hereby confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis.



12. ACKNOWLEDGEMENTS.

Your Directors would like to express their appreciation for the assistance and co-operation received from the Bankers State Bank of Patiala, Mumbai. They also wish to place on record their appreciation for the co-operation and contribution of the staff in the implementation of the project of your Company during the year under report.

For and On Behalf of the Board of Directors

Place : Mumbai
Dated : 17th June, 2011

A.D. JAVERI
Director

ANNEXURE TO THE DIRECTORS REPORT

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

FORM-A : FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

The Company is not an energy intensive unit, however several measures are undertaken to conserve and optimise the use of energy which will be continued.

B. TECHNOLOGY ABSORPTION

FORM-B : FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY.

RESEARCH AND DEVELOPMENT

- Specific areas in which R&D carried out by the Company. N.A.
- Benefits derived as a result of the above R&D. N.A.
- Future Plan of Action.

The Company will chalk out its R&D Programme suitable to its line of operation.

	31.03.11	31.03.10
	₹	₹
4. Expenditure on R&D		
(a) Capital	Nil	Nil
(b) Recurring	Nil	Nil
Total	Nil	Nil
(c) Total R&D expenditure as a % of total turnover	Nil	Nil



TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts, in brief, made towards technology absorption, adaptation and innovation.
The Company has yet to commence its full fledged operations.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. N.A.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). No technology has been imported.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans.

The Company has yet to commence its full fledged operations.

	31.03.11	31.03.10
	₹	₹
b) Total Foreign Exchange used and earned. (in Rupee)		
i) Used :		
a) Imports (CIF) - Purchases	Nil	Nil
b) Other expenditure	Nil	Nil
ii) Earned :	Nil	Nil

For and On Behalf of the Board of Directors

Place : Mumbai
Dated : 17th June, 2011

A.D. JAVERI
Director



Makarand M. Joshi & Co.

COMPANY SECRETARIES

3rd Floor, Jyoti Chambers, L T Road, Mulund East, Mumbai - 400 081.

COMPLIANCE CERTIFICATE

Regn No. 11 - 155530

Nominal Capital: Rs. 1,00,00,000/-

Paid Up Capital: Rs. 50,00,000/-

To,

The Members of

LIFESTYLE NETWORKS LIMITED (subsidiary of a listed Public Company)

207, Kakad Chambers, 2nd Floor,
132, Dr. Annie Besant Road, Worli,
Mumbai - 400018.

We have examined the registers, records, books and papers of **Life Style Networks Limited** as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2011**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies.
3. The Company is a public limited company hence the provisions of Section 3(1) (iii) of the Companies Act are not applicable.
4. The Board of Directors duly met 5 times on 29th April 2010, 29th July 2010, 20th September 2010, 18th October, 2010, and 27th January 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members for the year under review.
6. The Annual General Meeting for the financial year ended on 31st March 2010 was held on 20th September 2010 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings was held during the financial year under consideration.



8. As explained to us the Company has not advanced any loans to the Directors of the Company under Section 295 of the Companies Act, 1956 during the year under consideration.
9. The Company was not required to comply with the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. No approvals were required from the Board of Directors, Members and the Central Government pursuant to section 314 of the Act during the period under consideration.
12. The Company has not issued any duplicate Share Certificates during the financial year ended on 31st March, 2011
13. (i) There being no transfer/ transmission/ allotment of shares the provisions as to delivery of share certificates are not applicable.
(i) The provision about depositing the amount of dividend in a separate bank account were not applicable as no dividend was declared during the year
(ii) The provision regarding posting of warrants for dividends to all the members within a period of 30 days from the date of declaration was not applicable as no dividend was declared. There was no unpaid/unclaimed dividend, & hence was not required to be transferred to Unpaid Dividend Account.
(iii) No provisions as to transferring the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund are applicable.
(iv) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed Managing Director/ Whole-time Director/ Manager during the period under consideration.
16. No sole-selling agents were appointed by the Company for the period under scrutiny.
17. As explained to us no approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act were required for the financial year under review.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.



19. The Company has not issued any shares/Debentures/other securities during the financial year under consideration.
20. The Company has not bought back any share during the financial year ending 31st March, 2011
21. There being no preference shares/debentures, the provisions as to redemption of preference shares/debentures are not applicable.
22. The provisions as to keeping in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares are not applicable.
23. The Company has not invited / accepted any deposit including any unsecured loans falling within the purview of Section 58A during the financial year under consideration.
24. The amount borrowed by the Company from the financial institutions, banks and others during the financial under scrutiny are within the borrowing limits of the Company and necessary resolutions as per section 293 (1)(d) of the Act have been passed
25. The Company has not made any loans and advances or given guarantees or providing securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital during the year under scrutiny
30. The Company has not altered its Articles of Association during the year under scrutiny
31. No prosecution was initiated against or show cause notices received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment were imposed on the company.
32. The Company has not received security deposits from its employees during the year under certification and therefore the provisions of section 417(1) of the Companies Act, 1956 are not applicable.
33. The provisions of depositing both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act are not applicable to the Company.

ANNEXURE - A

Registers as maintained by the Company

1. Register of Charges u/s 143.
2. Register of Members u/s 150.
3. Minutes Book for Board and General Meetings u/s 193.
4. Books of Accounts u/s 209.
5. Register of particulars of contract in which the Directors are interested u/s 301.
6. Register of Directors and Managing Director, Manager and Secretary u/s 303.
7. Register of Directors' shareholdings u/s 307.
8. Register of loan Investments, guarantees & Securities u/s 372A.
9. Share Transfer Register.

ANNEXURE - B

Forms and returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2011.

Sr. no.	Form no. / Return / Other Documents	Filed u/s	Date of filing/ Registration	Filed within time	If delay whether additional fee paid
1.	Form 23AC and 23ACA for filing Balance Sheet & Profit & Loss account as at 31 st March 2010 adopted at the Annual General Meeting held on 20 th September, 2010	220	21/10/2010	YES	NA
2.	Form 20B for Annual Return as at the Annual General Meeting 20 th September 2010	159	19/11/2010	YES	NA
3.	Form 66 for filing Compliance Certificate for the financial year ended 31 st March 2010	383A	16/11/2010	YES	NA

Place : Mumbai
Date : 17th June, 2011

MAKARAND M. JOSHI
C.P. No : 3662

**TO THE MEMBERS OF
LIFESTYLE NETWORKS LIMITED**

1. We have audited the attached Balance Sheet of LIFESTYLE NETWORKS LIMITED as at 31st March, 2011 and also the annexed Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 69 4. Further to our comments in the Annexure referred to in paragraph 3 above.
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion proper Books of Account as required by Law have been kept by the Company so far as it appears from our examination of such books.
 - The Balance Sheet, Profit & Loss Account and cash flow statement referred to in this report are in agreement with the Books of Account.
 - In our opinion Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to sub-sections 3(C) of Section 211 of the Companies Act, 1956.
 - Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2011, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - Without qualifying attention is drawn to note 2(b) of Schedule 'G' regarding going concern.
 - In our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with notes on Accounts and the Accounting Policies give the information required by the Companies Act, 1956, in the manner so required and read in conjunction with all other notes thereon give a true and fair view.
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.

- in the case of the Profit & Loss Account, of the Loss for the year ended on that date. and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

FOR V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 109208W

ARVIND MOHAN
Partner

Place : Mumbai
Dated : 17th June, 2011

Membership No. 124082

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 3 of our report of even date.

- In respect of its fixed assets:
 - The company has maintained records showing particulars including quantitative details and situation of fixed assets on the basis of available information.
 - As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
- In respect of its inventories:
 - As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- In respect of loans, secured or unsecured, granted or taken by the company to/ from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956, we report that:-
 - The Company has not granted any loans, secured or unsecured during the year.



- b. During the year company has taken interest free loan from one party amounting to ₹ 3,17,38,814/-. These along with other loans covered in register maintained under section 301 have an outstanding year end balance of ₹ 6,05,70,956/- & maximum balance during the year was ₹ 8,49,78,122/-.
- c. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions on which the loans are taken are not prima-facie prejudicial to the interest of the company.
- d. The company is regular in repaying principal and interest as stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the company act, 1956 :
- a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the companies act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the companies act, 1956 exceeding value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from public. Accordingly, clause (vi) of the Order does not apply to the company.
7. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the internal audit functions carried out by the management is commensurate with the size of the company and the nature of its business.
8. The Central Government has not prescribed any maintenance of cost records under section 209(1) (d) of the Companies act, 1956. Accordingly, clause (viii) of the Order does not apply to the company.
9. In respect of statutory dues:
- a. According to the records, the company has generally been regular in depositing undisputed statutory dues including provident fund, Investor Education and Protection fund, employees' state insurance income-tax, Sales Tax, Wealth tax, Customs duty, Excise duty, cess, Service tax and other statutory dues with the appropriate authorities. There are no other undisputed amounts payable in respect of the aforesaid dues as at 31st March, 2011 for a period of more than six months from the date of becoming payable.
- b. According to the records of the company, there are no disputed statutory dues on account of Income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess remaining unpaid as on 31st March, 2011.
10. The company has accumulated losses of ₹ 5,36,27,881/- as on 31st March, 2011 which has exceeded its net worth. The company has not incurred any cash loss during the year and ₹ 11,68,259/- cash loss during the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks. During the year, bank has restructured its loan to the company in the form of deferring the due dates of its installments.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/ society. Therefore, clause (xiii) of the Order is not applicable to the company.
14. The company does not trade in shares, debentures, securities and any other investments. Accordingly, clause (xiv) of the Order does not apply to the company.
15. The company has not given any guarantee for loans taken by others. Accordingly, clause (xv) of the Order does not apply to the company.
16. In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company as on March 31, 2011, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanation given to us, the company has not issued any secured debentures during the period covered by our report.
20. The company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

FOR V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 109208W

ARVIND MOHAN
Partner

Place : Mumbai
Dated : 17th June, 2011

Membership No. 124082

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule	31.03.2011 ₹	31.03.2010 ₹
I. SOURCES OF FUNDS :			
Shareholders' Funds :			
Capital	A	50,00,000	50,00,000
Loan fund			
Secured Loans	B	2,95,48,508	4,93,70,807
Unsecured Loans	C	11,22,47,020	10,37,55,171
Deferred Tax Liability		38,13,137	13,28,940
TOTAL		15,06,08,665	15,94,54,918
II. APPLICATION OF FUND :			
Fixed Assets :			
Gross Block	D	8,78,51,740	8,78,51,740
Less: Depreciation		67,77,622	26,87,593
Net Block		8,10,74,118	8,51,64,147
Current Assets, Loans and Advances :			
Inventory	E	20,76,638	29,40,000
Sundry Debtors		6,66,698	34,60,089
Cash and Bank Balances		4,95,208	30,49,193
Loans and Advances		1,65,82,828	1,50,28,832
		1,98,21,372	2,44,78,113
Less:			
Current Liabilities and Provisions :			
Current Liabilities	F	39,01,706	22,98,361
Provisions		13,000	13,000
		39,14,706	23,11,361
Net Current Assets		1,59,06,666	2,21,66,752
Profit and Loss Account (Net)		5,36,27,881	5,21,24,019
TOTAL		15,06,08,665	15,94,54,918
Significant accounting policies & notes to accounts			
Schedule 'A' to 'G' inclusive form part of the Balance Sheet			

As per our Report of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 17th June, 2011

A. D. JAVERI Director
A. A. JAVERI Director
S. A. JAVERI (Mrs.) Director
N.R. JANI Director
P.S. JHAVERI Director
P.N. DESAI Director
Place : Mumbai
Dated : 17th June, 2011

**PROFIT AND LOSS ACCOUNT YEAR ENDED 31ST MARCH, 2011**

	Schedule	31.03.2011 ₹	31.03.2010 ₹
INCOME :			
Sales and Other Income	1	2,55,94,514	72,24,453
EXPENDITURE :			
Direct Expense	2	16,23,592	4,33,652
Administrative Expenses	3	4,19,801	3,84,049
Salaries and Benefits	4	50,528	2,451
Finance Charges	5	1,83,95,229	75,37,561
Payment to Auditors		35,000	35,000
Depreciation		40,90,029	24,96,429
		2,46,14,179	1,08,89,141
PROFIT / (LOSS) BEFORE TAXATION		9,80,335	(36,64,688)
Less : Deferred Tax		24,84,197	1,14,58,529
PROFIT/(LOSS) AFTER TAXATION		(15,03,862)	(1,51,23,217)
Balance as per last Balance Sheet		(5,21,24,019)	(3,70,00,802)
Balance Transferred to Balance Sheet		(5,36,27,881)	(5,21,24,019)
TOTAL		(5,36,27,881)	(5,21,24,019)
Signification accounting policies & notes to accounts			
Basic & Diluted Earning Per Share of Nominal value of ₹ 10/- each (₹ Per share)			
	G	(3.01)	(30.25)

As per our Report of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 17th June, 2011

A. D. JAVERI Director
A. A. JAVERI Director
S. A. JAVERI (Mrs.) Director
N.R. JANI Director
P.S. JHAVERI Director
P.N. DESAI Director
Place : Mumbai
Dated : 17th June, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	31.03.2011 ₹	31.03.2010 ₹
NET PROFIT BEFORE TAX	9,80,335	(36,64,688)
a. Depreciation	40,90,029	24,96,429
b. Interest including reschedulement charges	1,83,95,229	75,37,561
c. Balances written back (Net)	-	-
CASH OPERATING PROFIT (LOSS)	2,34,65,593	63,69,302
ADJUSTMENTS FOR CHANGE IN WORKING CAPITAL		
a. Trade & other Receivables	27,93,391	(28,85,849)
b. Inventories	8,63,362	-
c. Loans & Advances	(15,53,996)	6,69,357
d. Trade Payables	16,03,346	(45,484)
	37,06,103	(22,61,976)
CASH FLOW BEFORE FOLLOWING PAYMENTS	2,71,71,696	41,07,325
a. Direct Taxes (paid)	-	(1,06,640)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2,71,71,696	40,00,685
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-	-
CASH FLOW ARISING FROM FINANCING ACTIVITIES :-		
a. Secured Borrowings - Net of Repayment	(1,98,22,299)	(1,41,94,965)
b. Unsecured Borrowings - Net of Repayment	84,91,847	2,06,26,599
c. Interest paid	(1,83,95,229)	(75,37,561)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(2,97,25,681)	(11,05,927)
CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)	(25,53,985)	28,94,758
ADD: OPENING BALANCE	30,49,193	1,54,435
CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	4,95,208	30,49,193

NOTES : THE FIGURES IN BRACKET REPRESENTS CASH OUTFLOW.

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statement".
- Previous year's figures have been re-grouped and re-arranged wherever necessary.

As per our Report of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 17th June, 2011

A. D. JAVERI Director
A. A. JAVERI Director
S. A. JAVERI (Mrs.) Director
N.R. JANI Director
P.S. JHAVERI Director
P.N. DESAI Director

Place : Mumbai
Dated : 17th June, 2011

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

SCHEDULE 'A'		31.03.2011 ₹	31.03.2010 ₹
SHARE CAPITAL			
Authorised Capital			
1000000	Equity Shares of ₹ 10/ each (P.Y. 1000000 Equity Shares)	1,00,00,000	1,00,00,000
Total		1,00,00,000	1,00,00,000
Issued, Subscribed and Paid-Up Capital:			
500000	Equity Shares of ₹ 10/ each fully paid up (P.Y. 500000 Equity Shares) - (255000) (P.Y. 255000) held by holding company)	50,00,000	50,00,000
Total		50,00,000	50,00,000

SCHEDULE 'B'**SECURED LOANS**

From Banks			
	(Secured against fixed assets and inventory [including future purchase to be made] And corporate Guarantee of holding Company and personal Guarantee of one of the Directors)	2,95,48,508	4,93,70,807
Total		2,95,48,508	4,93,70,807

SCHEDULE 'C'**UNSECURED LOANS**

Holding Company			
		4,03,14,157	86,75,343
Directors			
		10,00,000	1,44,54,783
Others			
		7,09,32,863	8,06,25,045
[(Repayable within one year Nil) (P. Y. Nil)]			
Total		11,22,47,020	10,37,55,171

**SCHEDULE 'D'****FIXED ASSETS**

Particulars of Asset	GROSS BLOCK (AT COST)			DEPRECIATION			NETBLOCK	
	As on 01/04/10	Additions	Total as at 31/3/11	Dep. Upto 01/04/10	Depre- ciation for the year	Total upto 31/03/11	As on 31/3/11	As on 31/3/10
	₹	₹	₹	₹	₹	₹	₹	₹
Office Equipment	2,01,164	-	2,01,164	93,443	14,984	1,08,427	92,737	1,07,721
Furnitures & Fixtures	31,840	-	31,840	17,289	2,634	19,923	11,917	14,551
Computers Equipments	23,870	-	23,870	23,870	-	23,870	-	-
Trade Mark	1,75,000	-	1,75,000	1,31,250	35,000	1,66,250	8,750	43,750
Wireless Equipment	8,74,19,866	-	8,74,19,866	24,21,741	40,37,411	64,59,152	8,09,60,714	8,49,98,125
TOTAL	8,78,51,740	-	8,78,51,740	26,87,593	40,90,029	67,77,622	8,10,74,118	8,51,64,147
Previous Year	4,31,874	8,74,19,866	8,78,51,740	1,91,164	24,96,429	26,87,593	8,51,64,147	2,40,710

SCHEDULE 'E'

31.03.2011

₹

31.03.2010

₹

A. Inventories :

1. Stock of Wi-Fi items		<u>20,76,638</u>	<u>29,40,000</u>
Total		<u>20,76,638</u>	<u>29,40,000</u>

B. Sundry Debtors: (unsecured Considered good)

1. Outstanding for more than six months	3,62,236	4,00,986
2. Less than six months - Others	3,04,462	1,95,164
3. Less than six months - Joint Venture Company	-	28,63,939
Total	<u>6,66,698</u>	<u>34,60,089</u>

C. Cash and Bank Balances :

1. Cash on Hand	8,863	8,409
2. Bank Balances (Schedule Banks)		
i) in Current Account	4,86,345	30,40,784
Total	<u>4,95,208</u>	<u>30,49,193</u>

D. Loans and Advances : (Unsecured Considered Good)

(a) Advance to Suppliers	25,533	29,733
(b) Duties Recoverable	1,58,32,073	1,48,78,848
(c) Deposits	51,000	51,000
(d) Advance Tax & TDS	6,44,619	69,250
(e) Prepaid Expenses	29,603	-
Total	<u>1,65,82,828</u>	<u>1,50,28,831</u>

SCHEDULE 'F'**CURRENT LIABILITIES AND PROVISIONS****A. Current Liabilities :**

(a) Creditors for Expnses & Purchase	22,82,186	20,69,355
(b) Other Liabilities	16,19,520	2,29,006
Total	<u>39,01,706</u>	<u>22,98,361</u>

B. Provisions :

Provision for Taxation	13,000	13,000
Total	<u>13,000</u>	<u>13,000</u>

**SCHEDULE 'G'****NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011****1. Significant Accounting policies**

- Basis of preparation of Financial Statements**
The Accounts have been prepared on historical cost basis and as a going concern complying in all material aspects with applicable accounting principles in India, the Accounting Standard notified by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- Use of Estimates**
The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/ materialised.
- Revenue Recognition**
Sales of Products & Services are recognized when significant risks and rewards of ownership of products and rendering of services are passed on to customers. Sales and Services rendered are stated at realizable values and Net of Sales tax, service tax and returns. Income from joint venture is recognized when the right to receive is established, as per terms of Venture agreement.
- Fixed Assets**
Fixed assets are stated at their original cost including interest, borrowing cost and other expenses directly related to qualifying assets during construction period. Assets under construction are held as capital work in progress until they are ready for their intended utilization.
- Depreciation**
 - Assets individually costing ₹ 5,000/- or less are depreciated fully in the year of purchase
 - Depreciation on fixed assets other than trademarks is charged on WDV Method at rates provided under Schedule XIV of Companies Act, 1956.
 - Trade marks are depreciated over 5 years from the date of acquisition.
- Inventories**
Inventories are stated at cost or net realisable value, whichever is lower. Cost comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is 'First-In-First-Out'. Due allowance is estimated and made for defective and obsolete items, wherever necessary.
- Taxation**
Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised subject to the consideration of prudence in respect of deferred assets on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only



to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

h) Earnings Per Share (EPS)

Basic EPS

The earnings considered in ascertaining the Company's basic EPS comprise the net profit/(loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Diluted EPS

The net profit/(loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS.

i) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical evaluation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

j) Impairment

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

2. Notes forming part of accounts.

a) The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

b) Pursuant to the joint venture agreement entered into by the company and Chandra Net Private Limited (CNPL) during the financial 2009-10 the financial position of the company has improved. As per the detailed technical study report of venture, the future revenues that would be generated would bring a turnaround in the financial position of the company and thus re-coup accumulated losses.

c) Segment Report

Since the company is in the business of providing Wi-Fi solutions including installation of Wi-Fi hotspots which is the only activity pursued, segment reporting under Accounting Standard-17 does not apply.

d) Disclosures requirements as per Accounting Standard 18 on "Related Party Disclosures".

Nature of Transaction	Ultimate Holding/ Holding Company	Associate Companies	Key Mgt. Personnel & Relatives	Total
	₹	₹	₹	₹
a) Sale of goods	-	-	-	-
		(19,45,127)	-	(19,45,127)
b) Loans taken	4,49,22,331	-	-	4,49,22,331
	-	-	(18,60,000)	(18,60,000)
c) Loan re-paid	2,44,07,166	-	-	2,44,07,166
	(3,72,99,379)	(75,000)	-	(3,73,74,379)
d) Interest Expenses	1,31,83,517	-	-	1,31,83,517
	-	-	-	-
e) Joint venture with CNPL	-	2,27,09,206	-	2,27,09,206
	-	(46,52,950)	-	(46,52,950)
f) Guarantee given by the Holding Co.	2,95,48,508	-	-	2,95,48,508
	(4,93,70,807)	-	-	(4,93,70,807)
to the bankers who have lent monies to the company				
Balances as on	4,03,14,157	77,016	1,69,29,783	5,73,20,956
March 31, 2011	(1,11,23,649)	(58,88,420)	(2,01,79,783)	(3,71,91,852)

ii) List of Related Parties

- i) Ultimate Holding Company - M/s. Manekchand Panachand Trading Investment Co.Pvt.Ltd.
- ii) Holding Company - M/s. Sadhana Nitro Chem Ltd
- iii) Fellow Subsidiary - M/s. Anuchem B.V.B.A., Belgium.
M/s. Anuchem Pte Ltd., Singapore.
- iv) Associate Companies - M/s. IBI Engineering & Services Pvt.Ltd.
M/s. Amnisera Corporation
M/s. Manekchand Panachand & Co.
M/s. Chandra Net Pvt.Ltd.

iii) Key Management Personnel and their relatives.

- i) Shri A.D. Javeri - Director
- ii) Shri N.R. Jani - Director
- iii) Shri Abhishek A. Javeri - Director
- iv) Smt. Seema A. Javeri - Director
- v) Ms. Chandrika Javeri - Sister of Shri A.D. Javeri

iii) Disclosure in respect of material related party transactions during the year.

(1) Sales of goods to Chandra Net Pvt.Ltd. (Associate Company) ₹ Nil (P.Y. ₹ 19,45,127/-) (2) Loan taken from Manekchand Panachand Trading & Investment Co.Pvt.Ltd. (Ultimate Holding Company) ₹ 4,49,22,331/- (P.Y. ₹ Nil), Asit D. Javeri (Key Management) ₹ Nil (P.Y. ₹ 18,60,000/-) (3) Loan repaid to Sadhana Nitro Chem Ltd. (Holding Company) ₹ 2,44,07,166/- (P.Y. ₹ 3,72,99,379/-), Manekchand Panachand & Co. (Associate Company) ₹ Nil (P.Y. ₹ 75,000/-) (4) Interest Expenses to Sadhana Nitro Chem Ltd. (Holding Company) ₹ 1,31,83,517/- (P.Y. ₹ Nil) (5) Joint Venture with



Chandra Net Pvt.Ltd. (Associate Company) ₹ 2,27,09,206/- (P.Y. ₹ 46,52,950/-) (6) Guarantee given by the Holding Company to the bankers who have lent monies to the company by Sadhana Nitro Chem Ltd. (Holding Company) ₹ 2,95,48,508/- (P.Y. ₹ 4,93,70,807/-).

	31.03.2011	31.03.2010
	₹	₹
e) Deferred Tax Liability		
Depreciation	<u>(38,13,137)</u>	<u>(13,28,940)</u>
f) Earnings per share of Nominal value of ₹10/- each computed in accordance with Accounting Standard (AS-20) for the Period.		
i) Profit after tax as per Profit & (Loss) account (₹)	(15,03,862)	(1,51,23,217)
ii) Weighted average number of equity share outstanding	5,00,000	5,00,000
iii) Basic/Diluted earning per share (₹10/- per share)	(3.01)	(30.25)
g) Payment to Auditors		
Audit fees	25,000	25,000
Tax audit fees	10,000	10,000
TOTAL	35,000	35,000
h) Disclosure regarding Joint Venture		
i) Venture Name :	Chandra Net Private Limited	
ii) Description of interest :	Revenue Sharing model pursuant to contribution of Company's assets towards ventures operation along with Technology.	
iii) Total assets deployed :	Assets deployed having WDV of ₹ 8,09,60,714/- as on March 31, 2011.	
iv) Income from Venture :	₹ 2,27,09,206/- for the financial year 2010-11. The company does not have any contingent liability towards the joint venture. There are no capital commitments towards the joint venture.	

As per our Report of even date
For V. SANKAR AIYAR & CO.

Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN

Partner
Membership No. 124082

Place : Mumbai
Dated : 17th June, 2011

A. D. JAVERI Director
A. A. JAVERI Director
S. A. JAVERI (Mrs.) Director
N.R. JANI Director
P.S. JHAVERI Director
P.N. DESAI Director

Place : Mumbai
Dated : 17th June, 2011



SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	31.03.2011	31.03.2010
	₹	₹
SCHEDULE '1'		
SALES AND OTHER INCOME		
Wi-Fi Solutions	28,85,305	25,70,397
Misc. Income	-	1,466
Income from Venture	2,27,09,209	46,52,590
Total	<u>2,55,94,514</u>	<u>72,24,453</u>
SCHEDULE '2'		
DIRECT EXPENSES		
Purchase	16,23,592	4,13,137
Professional Charges	-	20,515
Total	<u>16,23,592</u>	<u>4,33,652</u>
SCHEDULE '3'		
ADMINISTRATION EXPENSES		
Rates and Taxes	6,468	1,15,085
Rent	-	55,000
Insurance	81,218	96,552
Printing and Stationery	12,000	1,100
Telephone	6,883	503
Travelling & Conveyance.	57,548	43,213
Other Expenses	1,29,751	72,596
Commission & Brokerage	1,20,933	-
Profession charges	5,000	-
Total	<u>4,19,801</u>	<u>3,84,049</u>
SCHEDULE '4'		
SALARY AND BENEFITS TO EMPLOYEES		
Salaries	39,600	-
Staff Welfare Expenses	10,928	2,451
Total	<u>50,528</u>	<u>2,451</u>
SCHEDULE '5'		
FINANCE CHARGES		
Interest on Term Loan	51,96,353	75,35,937
Bank Charges	15,359	1,623
Interest on ICD	1,31,83,517	-
Total	<u>1,83,95,229</u>	<u>75,37,560</u>



**CONSOLIDATED ANNUAL REPORT
OF
SADHANA NITRO CHEM LIMITED
AND
ITS SUBSIDIARIES**

We did not audit the financial statements of Foreign Subsidiaries referred to in Note 3(b)(i) to the Consolidated Financial statements, for the year ended 31st March, 2011 whose financial statements reflect total assets of Rs 299 lacs as at 31st March, 2011 and total revenue of ₹ 863.35 lacs for the year then ended. These financial statements have been audited as at 31st December, 2010 by other auditors whose reports have been furnished to us. However, since these financial statements which are compiled by the management of the company for the financial year ended 31st March, 2011, were not audited, any adjustments to their balances, could have been consequential effect on the attached Consolidated Financial Statements. However, the size of the subsidiary, in the consolidated position, is not significant in relative terms.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21 – Consolidated Financial Statements, as notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of Sadhana Nitro Chem Limited and its subsidiaries included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us we are of the opinion, that except for the effect, if any, on account of possible adjustments stated above.

- a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Sadhana Nitro Chem Limited and its subsidiaries as at 31st March, 2011.
- b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operation of Sadhana Nitro Chem Limited and its subsidiaries for the year then ended and
- c) The Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flow of Sadhana Nitro Chem Limited and its subsidiaries for the year ended on that date.

FOR V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 109208W

Place : Mumbai
Dated : 17th June, 2011

ARVIND MOHAN
Partner
Membership No. 124082

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF SADHANA NITRO CHEM LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SADHANA NITRO CHEM LIMITED AND ITS SUBSIDIARIES.

We have examined the attached Consolidated Balance Sheet of Sadhana Nitro Chem Limited and its subsidiaries as at 31st March, 2011, and the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date.

These Consolidated Financial Statements are the responsibility of Sadhana Nitro Chem Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting frame work and are free from material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule	31.03.2011 ₹	31.03.2010 ₹
SOURCES OF FUNDS :			
Shareholders' Funds :			
Capital	A	9,20,08,300	9,20,08,300
Reserve & Surplus	B	61,43,125	62,27,037
Minority Interest		-	-
Loan Funds :			
Secured Loans	C	41,54,15,464	45,98,47,464
Unsecured Loans	D	24,77,40,246	16,53,01,898
TOTAL		76,13,07,135	72,33,84,699
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	E	1,01,67,18,146	1,00,88,52,963
Less:Depreciation		60,42,65,520	56,71,96,283
Net Block		41,24,52,626	44,16,56,680
Capital work-in-progress		7,58,43,329	5,44,93,767
Investments :	F	1,08,420	21,08,420
Deferred Tax Asset		2,47,56,130	2,81,18,688
Current Assets, Loans and Advances :	G		
Inventories		11,39,22,250	12,15,84,629
Sundry Debtors		10,80,19,496	5,33,09,874
Cash and Bank Balances		67,03,173	82,91,321
Loans and Advances		7,00,87,479	7,05,47,960
		29,87,32,398	25,37,33,784
Less:			
Current Liabilities and Provisions :	H		
Liabilities		16,51,95,223	12,47,99,908
Provisions		1,59,20,277	81,41,909
		18,11,15,500	13,29,41,817
Net Current Assets		11,76,16,898	12,07,91,966
Profit & loss account (See note to Schedule B) Notes forming part of accounts	I	13,05,29,732	7,62,15,178
TOTAL		76,13,07,135	72,33,84,699

As per Report attached of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W

ARVIND MOHAN

Partner (Membership No.124082)
Place : Mumbai
Dated : 17th June, 2011

A.D. JAVERI

Chairman & Managing Director

N.R. JANI

Director & Company Secretary
Place : Mumbai
Dated : 17th June, 2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	31.03.2011 ₹	31.03.2010 ₹
INCOME :			
Sales		56,49,45,544	35,85,82,339
Less : Excise Duty		82,60,291	52,86,819
Sales (Net)	'1'	55,66,85,253	35,32,95,520
Other Income	'2'	4,12,90,277	2,24,43,310
Increase/(Decrease) in Stock	'3'	69,13,389	(3,57,43,052)
		60,48,88,919	33,99,95,778
EXPENDITURE :			
Raw Material consumption		34,19,06,348	20,07,74,345
Power and Fuel	'4'	8,38,44,268	4,29,63,984
Operation and Maintenance	'5'	2,07,73,033	1,59,24,456
Salaries,Wages & Benefits to Employees	'6'	4,57,67,147	3,39,47,164
Administrative Expenses	'7'	2,12,07,393	2,03,27,279
Selling and Distribution	'8'	2,41,50,296	1,59,56,289
Finance Cost	'9'	7,20,95,796	6,28,74,761
Payment to Auditors		4,22,500	3,75,000
Managerial Remuneration		54,93,090	41,35,719
		61,56,59,871	39,72,78,997
Profit Before Depreciation & Taxation		(1,07,70,952)	(5,72,83,219)
Depreciation		3,76,81,352	3,69,19,651
Profit/(Loss) Before Taxation		(4,84,52,304)	(9,42,02,870)
Deferred Tax		(33,62,558)	(1,34,74,301)
Provision for Tax		(24,99,694)	(708)
PROFIT/(LOSS) AFTER TAXATION		(5,43,14,556)	(10,76,77,879)
Add: Balance as per last Balance Sheet		(20,95,45,084)	(10,18,67,205)
TOTAL		(26,38,59,640)	(20,95,45,084)
APPROPRIATION :			
Balance transferred to Balance Sheet		(26,38,59,640)	(20,95,45,084)
TOTAL		(26,38,59,640)	(20,95,45,084)
Basic/Dilute Earning Per Share of F. V. of ₹ 10/- each (See Note No. 6 of schedule 'I')		(6.00)	(11.68)

As per Report attached of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W

ARVIND MOHAN

Partner (Membership No.124082)
Place : Mumbai
Dated : 17th June, 2011

A.D. JAVERI

Chairman & Managing Director

N.R. JANI

Director & Company Secretary
Place : Mumbai
Dated : 17th June, 2011



**CONSOLIDATED CASH FLOW STATEMENT
(PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT)**

	31.03.2011	31.03.2010
	₹	₹
CASH FLOW ARISING FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	(4,84,52,304)	(9,40,26,142)
Add : a. Depreciation	3,76,81,352	3,69,19,651
b. Interest	7,20,95,796	6,26,98,033
Less: a. Profit on Sale of Fixed Assets	3,264	-
b. Dividend Received	-	200
CASH OPERATING PROFIT	<u>6,13,21,580</u>	55,91,342
ADJUSTMENTS FOR CHANGE IN WORKING CAPITAL		
a. Trade & other Receivables	(5,47,09,622)	3,40,35,636
b. Inventories (Net of Adjustment for CWIP and inventory transfers)	76,62,379	13,54,78,763
c. Loans & Advances	4,60,481	(23,57,338)
d. Trade Payables	<u>4,72,27,898</u>	(2,22,53,288)
	<u>6,41,136</u>	14,49,03,773
	<u>6,19,62,716</u>	15,04,95,114
CASH FLOW FROM OPERATING ACTIVITIES (A)	<u><u>6,19,62,716</u></u>	<u><u>15,04,95,114</u></u>
a. Purchase of Fixed Assets (Net of Adjustment for CWIP and inventory transfers)	(2,98,26,860)	(9,92,49,225)
b. Acquisition/Sale of Investment	20,00,000	-
c. Sale of Fixed Assets	1,04,000	-
d. Dividend Received	-	200
CASH FLOW FROM INVESTING ACTIVITIES (B)	<u><u>(2,77,22,860)</u></u>	<u><u>(9,92,49,025)</u></u>



	31.03.2011	31.03.2010
	₹	₹
a. Secured Borrowings	(4,44,32,000)	(5,24,05,539)
b. Unsecured Borrowings	8,24,38,348	7,22,22,491
c. Dividend Paid	(1,13,002)	(1,79,939)
d. Interest Paid	(7,37,21,349)	(7,20,47,903)
CASH FLOW FROM FINANCING ACTIVITIES (C)	<u><u>(3,58,28,003)</u></u>	<u><u>(5,24,10,889)</u></u>
NET CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)	(15,88,148)	(11,64,800)
ADD: OPENING BALANCE	82,91,321	94,56,121
CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	67,03,173	82,91,321

Notes :

1. The cash flow statement has been prepared under the "Indirect method" as set out in the Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
2. Previous year's figures have been regrouped and re-arranged wherever necessary.

As per Report attached of even date

For V. SANKAR AIYAR & CO.

Chartered Accountants (Firm Regn. No. 109208W)

ARVIND MOHAN

Partner (Membership No.124082)

Place : Mumbai

Dated : 17th June, 2011

A.D. JAVERI

Chairman & Managing Director

N.R. JANI

Director & Company Secretary

Place : Mumbai

Dated : 17th June, 2011



**SCHEDULES ANNEXED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

SCHEDULE 'A'	31.03.2011	31.03.2010
	₹	₹
SHARE CAPITAL :		
Authorised Capital :		
10000000 Equity Shares of ₹10/- each (P.Y. 10000000 Equity Shares)	10,00,00,000	10,00,00,000
1000000 Unclassified Shares of ₹10/- each (P.Y. 1000000 Unclassified Shares)	1,00,00,000	1,00,00,000
TOTAL	<u>11,00,00,000</u>	<u>11,00,00,000</u>
Issued, Subscribed and Paid-up Capital :		
*9200830 Equity Shares of ₹10/- each fully paid. (P.Y. 9200830 Equity Shares)	9,20,08,300	9,20,08,300
TOTAL	<u>9,20,08,300</u>	<u>9,20,08,300</u>

SCHEDULE 'B'

RESERVE AND SURPLUS :

Capital Reserve	93,681	93,681
Preference Redemption Reserve	5,00,000	5,00,000
Share Premium	54,96,740	54,96,740
Other Reserve	52,704	1,36,616
General Reserve(*)	13,33,29,906	13,33,29,906
Profit and Loss Account	(13,33,29,906)	(13,33,29,906)
*See Contra Schedule I		
TOTAL	<u>61,43,125</u>	<u>62,27,037</u>

SCHEDULE 'C'

SECURED LOANS :

From Banks :		
Working Capital :	18,65,36,751	17,36,35,295
Term Loan :	22,88,78,713	28,62,12,169
TOTAL	<u>41,54,15,464</u>	<u>45,98,47,464</u>

(*) As per requirement of Schedule VI of the Companies Act 1956, out of the debit balance of ₹ 26,38,59,640/- (P.Y. ₹ 20,95,45,084/-) in profit & loss account ₹13,33,29,906/- (P.Y. ₹ 13,33,29,906/-) has been shown as a deduction from uncommitted reserve.



SCHEDULE 'D'

31.03.2011 31.03.2010
₹ ₹

UNSECURED LOANS :

Fixed Deposits		
From Directors	2,91,54,783	2,91,29,784
From Others	10,03,59,080	9,22,50,738
Other Loans		
Under Sales Tax Deferral Scheme	20,90,321	20,90,321
Inter corporate deposits	11,49,22,969	4,10,67,962
From Directors & Others	12,13,093	7,63,093
TOTAL	<u>24,77,40,246</u>	<u>16,53,01,898</u>

SCHEDULE 'E'

FIXED ASSETS

Particulars of Asset	GROSS BLOCK (AT COST)	DEPRE- CIATION	NET BLOCK	
	Total as at 31/03/2011 ₹	Total upto 31/03/2011 ₹	As on 31/03/2011 ₹	As on 31/03/2010 ₹
Leasehold Land	76,400	30,157	46,243	47,047
Freehold Land	26,06,318	-	26,06,318	26,06,318
Plant & Machinery (Includes Computers & Office Equipments)	76,12,85,520	48,50,34,568	27,62,50,952	29,52,02,681
Buildings	12,19,96,941	7,51,68,712	4,68,28,229	5,16,48,646
Furnitures & Fixtures	70,66,141	62,57,434	8,08,707	9,86,638
Laboratory Equipments	80,99,601	57,66,575	23,33,026	31,28,282
Research & Development Equipment	1,35,68,930	1,19,59,044	16,09,886	14,85,042
Vehicles	1,44,23,429	1,34,23,626	9,99,803	15,15,045
Trade Mark	1,75,000	1,66,250	8,750	39,374
Wireless	8,74,19,866	64,59,152	8,09,60,714	8,49,97,607
GRAND TOTAL	1,01,67,18,146	60,42,65,520	41,24,52,626	44,16,56,680
PREVIOUS YEAR TOTAL	84,71,01,252	53,02,89,452	44,16,56,680	31,68,11,800

SCHEDULE 'F'

31.03.2011 31.03.2010
₹ ₹

INVESTMENT

A. UNQUOTED	-	20,00,000
B. QUOTED	10,75,127	10,75,127
	10,75,127	30,75,127
Less : Provision for Diminution on Investment Value	9,66,707	9,66,707
TOTAL	<u>1,08,420</u>	<u>21,08,420</u>

**SCHEDULE 'H'****SCHEDULE 'G'**

31.03.2011 ₹ 31.03.2010 ₹

CURRENT ASSETS, LOANS AND ADVANCES

A. Inventories :		
1. Stores and spares parts etc.	3,11,71,365	2,97,65,856
2. Scrapped Stock	95,350	60,000
3. Stocks and goods-in-process :		
(a) Raw Materials	2,93,14,758	3,70,06,647
(b) Stock in transit	65,77,378	1,04,73,681
(c) Packing Materials-Drums/Bags	18,57,275	13,50,178
(d) Fuel	49,27,623	12,35,411
(e) Finished Goods	3,67,16,068	3,30,45,427
(f) Goods-in-Process	32,52,168	86,42,104
(g) Others	10,265	5,325
TOTAL	<u>11,39,22,250</u>	<u>12,15,84,629</u>
B. Sundry Debtors : (Unsecured considered good)		
1. Outstanding for more than six months	3,01,95,993	1,29,13,994
2. Other Debts	7,78,23,503	4,03,95,880
TOTAL	<u>10,80,19,496</u>	<u>5,33,09,874</u>
C. Cash and Bank Balances :		
1. Cash on Hand	2,70,557	3,90,816
2. Bank Balances :		
i) In Current Account	60,10,868	74,70,927
ii) In Fixed Deposit	4,00,000	4,03,637
iii) In EEFC Account in Foreign Currency	21,748	25,941
TOTAL	<u>67,03,173</u>	<u>82,91,321</u>
D. Loans and Advances : (Unsecured considered good)		
(a) Loan to Staff	8,36,154	10,20,189
(b) Advance to Suppliers	28,11,420	24,87,490
(c) Advances recoverable in cash or kind or for value to be received		
i. Due from customs, excise and sales tax	1,96,90,470	1,66,84,306
ii. Deposits -		
- Central Excise	83,12,806	1,21,62,900
- Others	2,26,46,564	2,16,22,835
(d) Others	1,57,90,065	1,65,70,240
TOTAL	<u>7,00,87,479</u>	<u>7,05,47,960</u>

CURRENT LIABILITIES AND PROVISIONS :

31.03.2011 ₹ 31.03.2010 ₹

A. Current Liabilities :		
1. Sundry Creditors		
(a) Creditors for Capital Goods	2,79,59,871	2,44,83,940
(b) Trade Creditors	9,83,04,795	6,81,26,096
(c) Other Creditors	2,79,51,233	2,42,22,092
2. Unclaimed Dividends	5,70,123	6,83,125
3. Interest accrued but not due	2,73,100	3,26,864
4. Preference Share Redeemed (Unclaimed)	21,000	21,000
5. Other Liabilities	1,01,15,101	69,36,791
TOTAL	<u>16,51,95,223</u>	<u>12,47,99,908</u>
B. Provisions :		
1. Proposed Dividend on Equity Shares	-	86,386
2. Provision for taxation (Net of payments)	38,51,909	27,39,358
3. Defined Benefit Obligation	1,17,30,073	53,16,165
4. Other Staff Benefit Scheme	3,38,295	-
TOTAL	<u>1,59,20,277</u>	<u>81,41,909</u>



SCHEDULE 'I'

CONSOLIDATED FINANCIAL STATEMENT - SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

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1. Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual financial statements.
 2. Basis of Preparation of Financial Statements :
 - i) The financial statement of the subsidiary used in the consolidation is drawn upto the same reporting date as that of the Parent Company, i.e. year ended 31st March 2011. The foreign subsidiaries follow January to December as their financial year. In the case of this foreign subsidiaries the Company has redrawn its financial statements for the year ended 31st March 2011.
 - ii) The financial statements have been prepared under the historical cost basis and as a going concern. The account of the Parent Company has been prepared in accordance with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, and that of the foreign subsidiary has been prepared in accordance with the local laws and the applicable accounting Standards/generally accepted accounting principles.
 3. Principles of consolidation :-
 - a) The consolidated financial statements have been prepared in accordance with the accounting standards (AS)-21. (Accounting Standards) Rules, 2006, as notified by companies.
 - b) The consolidated financial statement relates to Sadhana Nitro Chem Limited (The Company) and
 - i) Its wholly owned foreign subsidiary Anuchem B.V.B.A., Belgium & Anuchem Pte. Ltd. Singapore.
 - ii) Its Indian Subsidiary company Life Style Networks Limited (in which The company holds ₹ 25,50,000 being Share Capital comprising of 2,55,000 Equity shares of ₹ 10 each holding 51% stake).
 - c) The consolidated financial statement have been prepared on the following basis.
 - i) The financial statement of the company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditure after eliminating all material intragroup balances and intragroup transactions resulting in unrealized profit/losses.
 - ii) The foreign subsidiaries financial year is calendar year and the same is audited accordingly. However, for consolidation purpose the unaudited

financial statement of subsidiaries is compiled for the period same as that of the company for reporting.

- iii) Minority Interest on consolidation of Indian subsidiary has been recognized in the consolidated financial statement.
 - iv) The Income and Expenses transaction of the profit and loss account and assets and liabilities appearing in the balance sheet of the foreign subsidiaries, which are considered as Integral foreign operating are translated in Indian Rupees as per Accounting Standard. The effect of changes in foreign exchange rates.
 - v) The consolidated financial statement have been prepared using as far as possible uniform accounting policy and are presented to the extent possible in the same manner as the company's financial statement.
4. Significant Accounting policies:
- a) The Accounts have been prepared on historical cost basis and as a going concern complying in all material aspects with applicable accounting principles in India, the Accounting Standard issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
 - b) The audited /unaudited financial statements of foreign subsidiaries has been prepared in accordance with the Generally Accepted Accounting principle of its company of incorporation or International financial reporting standards. The difference in accounting policies of the company and its subsidiaries are not material and they are no material transactions from January 1, 2011 to March 31, 2011 in respect of subsidiaries having financial year ended December 31, 2010.
 - c) Sales :
Sales include exchange differences and are net of sales tax and returns.
 - d) Taxation :
Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised subject to the consideration of prudence in respect of deferred assets on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.
 - e) Other significant Accounting policies:
These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.



5. Consolidated Segment Reporting :

i) Information about Primary segment-Geographical

	Export Segment	Local Segment	Total
Segment Revenue			
a. External Turnover	44,61,81,126	10,18,06,724	54,79,87,850
b. Export Incentives	49,63,822	-	49,63,822
Other Un-allocated Revenue / income	-	-	-
a. Dividend	-	-	1,12,162
b. Other Revenue	-	-	3,63,26,455
	<u>45,11,44,948</u>	<u>10,18,06,724</u>	<u>58,93,90,289</u>
Segment Result	2,03,54,118	46,44,271	2,49,98,389
Un-allocable Revenue			3,63,26,455
Operating Profit			6,13,24,844
Interest			7,20,95,796
Depreciation			3,76,81,352
Profit/(Loss) Before Taxation			(4,84,52,304)
Add : Deferred Tax			33,62,558
Provision for Taxation			25,00,000
Profit after Taxation			<u>(5,43,14,862)</u>

a. The Company is mainly engaged in manufacturing of chemical intermediates having similar risk and returns, constituting a single segment. Revenue from other activities pursued are insignificant. Operations of the Company are classified into two primary Geographical segments, namely Exports and Local. These segments have been identified and reported taking into account exchange control regulations, underlying currency risks and the internal financial reporting systems.

b. Segment Revenue & Expenses :

- Revenue directly attributed to each of the segment is shown under segment revenue
- Segment Expenses include directly attributed and certain indirect expenses allocated on a reasonable basis. It excludes interest expense, depreciation and other common expenses which cannot be allocated on a reasonable basis, and other common expenses which cannot be allocated on a reasonable basis.

c. Segment Assets and Liabilities:

Fixed Assets used in the company's business are not identified to any particular reportable segment, consequently management believes that it is not practical to provide segment disclosures relating to capital employed.

6. Earnings per share of Nominal value of ₹10/- each computed in accordance with Accounting Standard (AS-20) for the year.

	31.03.2011 ₹	30.03.2010 ₹
(a) Profit/(Loss) after tax as per P&L account (₹)	(5,43,14,862)	(10,75,01,151)
(b) Opening number of equity shares outstanding	92,00,830	92,00,830
(c) Number of Right Issue shares	-	-
(d) Closing number of equity shares outstanding	92,00,830	92,00,830
(e) Basic/Diluted earnings per share [(a)/(c)] (₹10/- per share)	(6.00)	(11.68)

7. Disclosures requirements as per Accounting Standard 18 on "Related Party Disclosures".

Nature of Transaction	Holding Company	Subsidiary Company	Associate Company	(*) K.M. Personnel	Total
a) Sale of goods	-	10,08,49,541	-	-	10,08,49,541
b) Purchase of Assets	-	-	-	-	-
c) Receiving Services	-	-	10,34,181	-	10,34,181
d) Managerial Remuneration	-	-	-	5,49,30,90	5,49,30,90
e) Director's Sitting Fees	-	-	-	1,85,000	1,85,000
f) Interest Expenses	21,43,213	-	3,68,630	-	25,11,843
g) Interest Income	-	1,61,16,90	-	-	1,61,16,90
h) Fixed Deposit Received	-	-	-	-	-
i) Loans Accepted	4,89,52,231	-	27,50,000	12,00,000	5,29,02,231
j) Loan Repaid	2,43,07,166	2,43,07,166	27,50,000	12,00,000	7,46,73,758
k) Revenue Sharing	-	-	2,27,09,206	-	2,27,09,206
l) Outstanding balance as on March 31, 2011	2,43,16,303	3,74,64,587	2,78,242	24,13,093	

(*) - K.M. - Key Management



I) List of Related Parties

- (i) Holding Company : M/s. Manekchand Panachand Trading Investment Co. Pvt. Ltd.
- (ii) Subsidiary Companies : M/s. Anuchem B.V.B.A., Belgium
M/s. Anuchem PTE Ltd., Singapore
M/s. Lifestyle Networks Ltd.
- (iii) Associate Companies : M/s. IBI Engineering & Services Pvt. Ltd.
M/s. Amniser Corporation
M/s. Manekchand Panachand & Co.
M/s. Chandra Net Pvt. Ltd.

II) Key Management Personnel and their relatives

- (i) Shri. A. D. Javeri : Chairman & Managing Director
Smt. Seema A. Javeri : Wife of Shri Asit D. Javeri
Smt. Molina D. Javeri : Mother of Shri A. D. Javeri
Mr. Abhishek A. Javeri : Son of Shri A. D. Javeri
- (ii) Shri N. R. Jani : Director & Company Secretary

Signature for Consolidated financial statement

As per Report attached of even date

For V. SANKAR AIYAR & CO.

Chartered Accountants (Firm Regn. No. 109208W)

ARVIND MOHAN

Partner (Membership No.124082)

Place : Mumbai

Dated : 17th June, 2011

A.D. JAVERI

Chairman & Managing Director

N.R. JANI

Director & Company Secretary

Place : Mumbai

Dated : 17th June, 2011

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8. Foreign currency balances hedged

Particulars	31.03.2011			31.03.2010		
	F.C.	F.C. Amount	INR	F.C.	F.C.Amount	INR
Debtors	USD	13,82,400	6,37,23,591	USD	7,63,088	1,01,71,363
	EURO	3,67,900	2,33,21,181	EURO	3,58,776	4,53,35,782

Foreign currency balances not hedged

Particulars	F.C.	F.C. Amount	INR	F.C.	F.C.Amount	INR
Cash/Bank	USD	488	21,748	USD	580.73	25,941
Loans	USD	30,89,320	13,79,80,313	USD	19,03,528	8,77,89,059

9. Figures have been re-grouped/re-arranged wherever necessary. Current year's figures include those of Lifestyle Networks Ltd., which became a subsidiary during the year and hence previous year's figures are not comparable.



**SCHEDULES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT**

SCHEDULE '1'	31.03.2011	31.03.2010
	₹	₹
SALES :		
(a) Chemical Intermediate Sales	55,95,02,810	34,38,50,980
(b) Organic Intermediate & Other Sales	54,42,734	1,47,31,359
	<u>56,49,45,544</u>	<u>35,85,82,339</u>
Less : Excise duty on sale	82,60,291	52,86,819
Sales net of Excise Duty	<u>55,66,85,253</u>	<u>35,32,95,520</u>

SCHEDULE '2'	31.03.2011	31.03.2010
OTHER INCOME :		
(a) Export Incentives	49,63,822	16,08,438
(b) Dividend	-	200
(c) Profit on sale of Assets	3,264	-
(d) Profit on sale of Investments/Income from Venture a/c	2,27,09,209	46,52,590
(e) Miscellaneous Income	71,18,058	80,16,036
(f) Foreign exchange gain	64,95,924	81,66,046
TOTAL	<u>4,12,90,277</u>	<u>2,24,43,310</u>

SCHEDULE '3'	31.03.2011	31.03.2010
INCREASE/(DECREASE) IN STOCK :		
Finished Goods	93,80,174	(2,92,34,057)
Work-in-progress	(53,89,935)	(85,43,258)
Others	40,290	15,633
Excise on Closing Stock of Finished Goods	28,82,860	20,18,630
TOTAL	<u>69,13,389</u>	<u>(3,57,43,052)</u>

SCHEDULE '4'	31.03.2011	31.03.2010
POWER & FUEL :		
Electricity Charges	2,47,10,669	1,28,31,595
Fuel Charges	5,49,18,085	2,73,84,332
Diesel Consumption	8,22,670	4,39,287
Water Charges	33,92,844	23,08,770
TOTAL	<u>8,38,44,268</u>	<u>4,29,63,984</u>

SCHEDULE '5'	31.03.2011	31.03.2010
OPERATION & MAINTENANCE :		
Stores and Spares Consumed	57,17,417	45,20,379
Machinery Repairs & Maintenance	13,32,742	10,19,291
Building Repairs & Maintenance	35,000	-
Other Repairs & Maintenance	20,74,223	20,39,406
Other Manufacturing Expenses	57,03,277	26,45,612
Effluent Expenses	52,86,374	50,70,768
R&D Expenses	6,24,000	6,29,000
TOTAL	<u>2,07,73,033</u>	<u>1,59,24,456</u>

SCHEDULE '6'	31.03.2011	31.03.2010
	₹	₹
SALARIES, WAGES & BENEFITS TO EMPLOYEES :		
Salaries,Wages & Bonus	4,17,40,240	3,04,62,025
Staff Welfare	12,01,616	10,13,693
Contribution to Provident Fund and other funds	28,25,291	24,71,446
TOTAL	<u>4,57,67,147</u>	<u>3,39,47,164</u>

SCHEDULE '7'	31.03.2011	31.03.2010
ADMINISTRATIVE EXPENSES :		
Rent	6,12,400	6,12,400
Rates and Taxes	13,28,265	22,02,437
Insurance	13,93,005	11,94,922
Printing and Stationery	7,70,360	7,12,936
Postage, Telegrams and Telephones	10,66,822	11,92,553
Travelling Expenses	35,21,824	32,27,910
Legal and Professional Fees	18,66,021	11,06,270
Conveyance Expenses	15,21,375	14,34,007
Director Sitting fees	1,85,000	1,79,000
Electricity charges	7,37,323	9,39,428
Security Charges	14,47,334	11,94,484
Other Expenses	67,57,664	63,30,932
TOTAL	<u>2,12,07,393</u>	<u>2,03,27,279</u>

SCHEDULE '8'	31.03.2011	31.03.2010
SELLING AND DISTRIBUTION :		
Ocean freight and other expenses for Export	1,47,77,242	79,40,964
Commission & Sales canvassing charges	15,63,947	17,07,273
Drums and other packing charges	27,94,761	25,91,909
Local freight and Other expenses	50,14,346	37,16,143
TOTAL	<u>2,41,50,296</u>	<u>1,59,56,289</u>

SCHEDULE '9'	31.03.2011	31.03.2010
FINANCE COST :		
Interest on Long Term Loans	2,71,94,420	2,94,10,890
Interest on Fixed Deposits	49,06,112	14,64,420
Interest on other Loans	2,03,60,704	64,82,725
Interest to Director's on Fixed Deposits	12,41,122	31,26,546
Bank Interest	1,37,32,865	1,85,72,769
Bank Charges	50,11,809	36,20,716
Loss on sale of Asset/Investment/Exchange	77,469	19,967
Consolidation Exchange Fluctuation	(4,28,705)	1,76,728
TOTAL	<u>7,20,95,796</u>	<u>6,28,74,761</u>



FIVE YEAR HIGHLIGHTS

(₹ in Lacs)

	2010-11	2009-10	2008-09	2007-08	2006-07
RESOURCES					
Capital	920.08	920.08	920.08	204.55	204.55
Reserve	60.90	60.90	694.46	1600.28	1855.44
Net Worth	980.98	980.98	1614.54	1804.83	2059.99
State Govt. Sales Tax Incentives	20.90	20.90	20.90	20.90	20.90
Other Borrowings	5192.42	4810.57	5049.71	5016.81	3811.01
TOTAL	6194.30	5812.45	6685.15	6842.54	5891.90
UTILISATION OF RESOURCES					
Fixed Assets	10045.93	9753.82	9452.36	9156.57	8728.72
Less: Depreciation	5973.72	5643.96	5299.73	4925.53	4519.05
Net Fixed Assets	4072.25	4109.86	4152.63	4231.04	4209.67
Investments	41.22	61.22	61.22	61.22	54.30
Net Current Assets	1270.18	1357.98	2471.30	2550.28	1627.93
Profit & Loss Account	810.69	283.39	-	-	-
TOTAL	6194.30	5812.45	6685.15	6842.54	5891.90
EARNINGS					
Sales & Other Income	5617.05	3631.99	7822.14	7589.31	6705.07
Increase / (-) Decrease in Stock	134.04	(328.67)	270.62	(151.74)	71.56
TOTAL	5751.09	3303.32	8092.76	7437.57	6776.63
EXPENDITURE :					
Raw Material, Power & Operation	4448.99	2592.49	6163.04	6038.05	5246.45
Salaries Wages & other benefits	457.17	339.45	405.74	311.89	327.80
Administration & other expenses	462.94	373.05	477.49	569.88	529.14
Finance Cost	539.86	550.88	495.96	367.55	247.30
TOTAL	5908.96	3855.87	7542.23	7287.37	6350.69
PROFIT/(LOSS) BEFORE DEPRECIATION	(157.87)	(552.55)	550.53	150.19	425.94
Less: Depreciation	335.91	344.23	374.20	410.95	394.78
PROFIT/(LOSS) BEFORE TAX	(493.78)	(896.78)	176.33	(260.76)	31.16
Less: Effects of Foreign Exchange	-	-	1244.38	64.60	-
Contracts and Exceptional Items					
Provision for Tax/Deferred Tax	(33.78)	(20.16)	162.23	(11.00)	(8.00)
PROFIT/(LOSS) AFTER TAX	(527.57)	(916.94)	(905.82)	(336.36)	23.16
PROFIT/(LOSS) BEFORE DEP. TO SALE %	(-)2.81%	(-)15.21%	7.15%	2.03%	6.35%
PROFIT/(LOSS) AFTER TAX TO SALE %	(-)9.17%	(-)25.25%	(-)11.76%	(-)4.55%	0.35%
Net earning per equity Share					
Basic ₹	(5.46)	(9.75)	(17.52)	(16.44)	1.13
Diluted ₹	(5.46)	(9.75)	(9.83)	(16.44)	1.13
Dividend per equity Share - ₹	-	-	-	1.00	1.50



SADHANA NITRO CHEM LIMITED

Regd. Office : 207, Kakad Chambers, 132, Dr. Annie Besant Road,
Worli, Mumbai - 400 018.

PROXY FORM

I/We _____
being a member/members of **SADHANA NITRO CHEM LTD.**, hereby appoint _____ of
_____ or failing him _____ of
_____ as my/our proxy in my/our absence to attend and vote for
me/us on my/our behalf at the 38th Annual General Meeting of the Company to be held on
30th August, 2011 and at any adjournment thereof.

Signed by the said _____
Folio/Client ID No. _____
No. of Shares held _____

Please
affix
Re. 1/-
Revenue
Stamp

(Signature of Member)

Note : The proxy must be deposited at the Registered Office of the Company not less than 48 hours before
the time for hold the meeting.



SADHANA NITRO CHEM LIMITED

ENTRANCE PASS

FOR THE 38th ANNUAL GENERAL MEETING

Date : 30th August, 2011
Time : 3.00 p.m.
Place : **SASMIRA AUDITORIUM**, The Synthetic & Art Silk Mills'
Research Association, 3rd Floor, SASMIRA Marg,
Worli, Mumbai - 400030.

Folio/Client ID No. _____
No. of Shares _____
Name of the Shareholders/Jt. Shareholder(s) _____
Name of the Proxy _____
Signature of Shareholder/Proxy _____

Note : (1) Only shareholder or their proxies will be allowed to attend the meeting.
(2) THE PRACTICE OF DISTRIBUTING COPIES OF THE "ANNUAL REPORT" AT THE ANNUAL
GENERAL MEETING HAVING BEEN DISCONTINUED, YOU ARE REQUESTED TO BRING
YOUR COPY OF THE "ANNUAL REPORT" TO THE MEETING.

NO ENTRY WITHOUT ENTRANCE PASS

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207, Kakad Chambers, 2nd Floor,
132, Dr. Annie Besant Road,
Worli, Mumbai - 400 018. INDIA